

FEDERAL-ONTARIO RELATIONS IN UNIVERSITY EDUCATION

TOWARDS A PERSPECTIVE ON THE PERPETUATION
OF THE CANADIAN FEDERAL SYSTEM: FEDERAL-ONTARIO RELATIONS
IN UNIVERSITY EDUCATION, 1945-1970

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Abstract

The literatures on federalism, integration, and political development all tend to present the progressive centralization of popular allegiance and political power over time as the normal and expected pattern of the historical experience of federations and other states. Canada is an ongoing federation which does not conform to this model. Canada's internal fragmentations seem at least as compelling as ever, even after more than a century of federal union. Yet the federation has managed to endure while maintaining its divisions. In recent years certain Canadian provinces have become increasingly assertive and persuasive advocates of full autonomy in fields of provincial jurisdiction. They have also sought the fiscal capacity to implement this authority. For a number of reasons some provinces have induced the federal government to abandon its practice of unilaterally making policy in fields of provincial jurisdiction. Because the federal government retains an interest in these services (which include health, welfare, and education), and because some other fields of mutual concern (notably natural resources) are under joint supervision, direct negotiation between executives of federal and provincial governments has become a familiar characteristic of the federal system since the middle 1960's. This new development in federal-provincial relations is often called executive federalism.

The study comprises a case study analysis of the evolution of the federal-provincial relationship in one jurisdiction, between

the federal government and one province, over a specified time period. Federal and Ontario government files, and interviews with civil servants, supply most of the research material. The immediate objective is a preliminary assessment of how and how well the two sets of government executives have accommodated their conflicting interests in the university field. Ultimately, such a finding suggests some generalizations about how the Canadian federal system is evolving and is being perpetuated in a period when disagreement between federal and provincial governments is the most intense in Canada's history. A set of terms is introduced as analytic tools to assist in a discussion of the dynamic social environment in which federal systems operate. Such an exercise facilitates the attainment of a new perspective on the relative status of the two levels of government in Canada at this time, and helps to promote an appreciation of the proper strategy for managing intergovernmental conflict. These tools may prove useful in future comparative studies of intergovernmental public policy making in federal states.

It is concluded that executive federalism is inevitable and workable in the present federal-provincial climate. In any case, no practical alternative now exists or is likely to appear soon. Although both federal and provincial governments have sacrificed their interests to some degree in executive federalism, only the federal government has surrendered fiscal and jurisdictional manoeuvrability. It is suggested that the federal

government consider bringing the provinces into the making of policy in federal fields of provincial concern. Such an alteration of executive federalism might weaken provincial government resistance to continued federal involvement in provincial jurisdictions, and thereby lessen conflict in federal-provincial relations and safeguard the federal government's remaining leverage in provincial fields.

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CHAPTER I

INTRODUCTION TO THE THESIS

An identifying feature of [federal systems where the central authority commands the larger share of constitutional power] is the tendency, as time passes, for the rulers of the federation to overawe the rulers of the constituent governments.¹

A. Overview

All states experience internal discord on political questions and all respond to this division by contriving some formal means to accommodate disagreements. If a state is of limited territorial extent and socially homogeneous, this accommodation normally may be accomplished within the central political authority in such a manner that dissent amongst conflicting groups is minimized. In contrast, some states are what might be called "federal societies."² Federal societies contain diverse and territorially distributed population groups with a history of political differences. That is to say, the

¹William H. Riker, Federalism: Origin, Operation, Significance (Boston: Little, Brown and Company, 1964), p. 7.

²W.S. Livingston is credited with coining this term. See W.S. Livingston, Federalism and Constitutional Change (Oxford: Clarendon Press, 1956); and W.S. Livingston, "A Note on the Nature of Federalism," in J. Peter Meekison, editor, Canadian Federalism: Myth or Reality Second Edition (Toronto: Methuen, 1971). For an application of Livingston's concept of the federal society to Canada, see Michael Stein, "Federal Political Systems and Federal Societies," in ibid.

politically important divisions within these societies, whether they be of a racial, linguistic, economic, or other character, tend to separate the people of one geographic region of the society from those of another. Political disagreements are therefore likely to arise between regions in federal societies. Accordingly, some federal societies choose to achieve accommodations amongst their geographically separated groups through a formal division of political jurisdictions in accordance with the territorial distribution of their internal differences. In most instances this allocation of power takes a federal form. By federal is meant an assignment of at least one politically important jurisdiction to a central authority and at least one politically important jurisdiction to regional units.

Canada is one such federation. Like all federations, Canada possesses territorially distributed internal divisions which political elites have felt necessary to acknowledge through a constitutional distribution of power between central and regional levels of government. In any federation, some jurisdictions important to governments at both levels inevitably are contested between governments, irrespective of constitutional provisions. This has happened in Canada, in a variety of jurisdictions, and it has necessitated the institutionalized accommodation of differing federal and provincial priorities and policies. In the years since the close of World War II, possibly no jurisdiction has been both of great continuing importance to central and regional governments, and the subject of recurring disagreement and attempted accommodation between them, as university education.

B. The Research Problem

Conflicting political policies of central and regional governments must be accommodated for a federal state to perpetuate itself. What is there in the nature or in the practices of the Canadian federal system which maintains it? One may expect to find theoretical explanation for the founding and the perpetuation of federations in the "literature of federalism." However, we find that Canada appears to conform rather well only to certain of the descriptions of federal systems in the writings of those few scholars who address theoretical questions on federalism.

The discussion in the federalism literature which concerns itself with the social environment in which federal political systems are established does seem appropriate to the Canadian case. Federations are founded in social settings where forces for both unity and diversity are perceived as crucial by the political elites. The motivations for unity most frequently cited in the theoretical literature are dominated by perceived military or security considerations, namely, a military or diplomatic threat (a need to resist aggression) or opportunity (a chance to expand territorially).³ Other forces for unity which have been offered include a desire for independence, economic advantages of union, and a similarity of institutions

³Carl J. Friedrich, Constitutional Government and Democracy (Waltham, Massachusetts: Blaisdell Publishing Company, 1968), pp. 199-200; Riker, op.cit., pp. 12-13.

amongst the component units.⁴ For a federal state to be founded, these uniting pressures must be judged to be urgent and powerful enough to suggest a common state. Yet they must be somewhat offset by equally compelling divisive influences which make a unitary state impossible. According to the literature, divisive influences may assume a wide variety of forms. They may include territorially diversified values, interests, beliefs, and traditions;⁵ the former existence of the component units as distinct political entities; divergence of economic interests; or such geographic factors as terrain and distance between territorial units.⁶ There cannot be any question that both the social circumstances of the British North American provinces and the concerns of their political elites of the 1860's conformed closely to both the uniting and divisive prerequisites for federation cited in the literature. Forces for unity included an apprehended threat of military invasion by the United States Army, and, in the Province of Canada, perceived economic benefits of an eventual transcontinental federation. Notable divisive factors were the cultural divergence between Quebec and the rest of British North America, and the geographic separation

⁴Kenneth C. Wheare, Federal Government (London: Oxford University Press, 1956), p. 37.

⁵Friedrich, op.cit., p. 189.

⁶Wheare, op.cit., pp. 40-41.

and differences in economic life between the Maritimes and the Province of Canada.⁷ Therefore, Canada came into being under social circumstances which are generally considered to be appropriate for the founding of a federal state.

But the essential thrust of the "literature of federalism" concerning the nature of a federation's perpetuation over time does not hold for Canada. This condition, which leads to our research problem, is of great significance because it deals with the crucial question of how a federation perpetuates itself. The emphasis of the literature is on long-term economic, social, and political centralization of federal systems, entailing a gradual but inexorable breaking down (or, at the least, a steady weakening) of the divisive forces present at the creation of the federation. This unifying process is best described by Carl J. Friedrich, who accounts for a federal system in operation as one where the "development of a multitude of common interests [of the component units in their relations with each other] ... usually weaves an increasingly dense network of interpersonal relations, from mere verbal communications to connubium as the ultimate sign of established community. At this point, the analysis of federalism merges with that of nation formation."⁸ In other

⁷ See inter alia, William M. Whitelaw, The Maritimes and Canada before Confederation (Toronto: Oxford University Press, 1966); and P.B. Waite, The Life and Times of Confederation (Toronto: University of Toronto Press, 1962). The divisions of the Confederation period are discussed in Chapter II, Part One, Sections A and B.

⁸ Friedrich, op.cit., p. 201.

words, the originally separate components, which had united for reasons of mutual practical interests rather than common nationality, become interdependent, and the fragmentations which divide them gradually weaken as common values and objectives and a new allegiance to the centre supersede regional loyalties.⁹

"Nation Formation" takes place through what Friedrich describes as the "federalizing process."¹⁰ Friedrich's interpretation of the evolution of federal systems, or the "power" approach of William Riker which heads this chapter, is generally upheld in literatures on integration¹¹ and modernization or political development.¹² In these literatures the "modernization" process makes use of technological change to break down "local" interests and shift allegiances to a "national" interest.

Perhaps this scenario for the long-term development of federation is logical to the American writers who dominate all

⁹For a detailed discussion of how this has happened in the United States, see Morton Grodzins, The American System (Chicago: Rand McNally and Company, 1966).

¹⁰Friedrich, op.cit., p. 193.

¹¹For examples, see Karl Deutsch et al., Political Community in the North Atlantic Area (Princeton: Princeton University Press, 1959); Amitai Etzioni, Political Unification (New York: Holt, Rinehart, and Winston, Inc., 1965); and Ernst B. Haas, Beyond the Nation-State (Stanford: Stanford University Press, 1969).

¹²For examples, see Seymour M. Lipset and Stein Rokkan, "Cleavage Structures, Party Systems, and Voter Alignments: An Introduction," in Seymour M. Lipset and Stein Rokkan, editors, Party Systems and Voter Alignments (New York: The Free Press, 1967); and Talcott Parsons, Societies, Evolutionary and Comparative Perspectives (Englewood Cliffs, N.J.: Prentice-Hall, 1966).

of these literatures. It seems to fit the history of the United States very well. But Canada fails utterly to conform to this pattern. An impressive array of research studies conducted by Canadian scholars in recent years has documented conclusively and from a variety of perspectives Canada's perpetuated territorial fragmentations.¹³ These divisions at the present time tend, first, to separate French and English Canadians on a number of cultural and political issues. In Canada's federal society, this circumstance effectively constitutes a split between Quebec and the rest of the country. In addition, there are disagreements amongst provinces in English Canada on political and economic policies and jurisdictions. There is absolutely no evidence of an abatement in either of these divisions in our own time, much less a progressive centralization of power and allegiances. It is surely redundant to provide further proof of Canada's centrifugal character. But if Canada does not conform to the pattern suggested in much of the theoretical literature of federalism, what alternative pattern of explanation may be found for the perpetuation of the Canadian federation? Here is our research problem: Assuming a permanent absence of common values and objectives amongst the Canadian people, their ten provinces, and their central government, and given the unthinkable nature of "nation formation" in such a setting, how can and do the provinces and central government manage to hold the country together? Are

¹³These studies are discussed below in Section C of this chapter.

there any universally honoured supports, or forces balancing this diversity with uniting influences, which assist in or permit Canada's perpetuation? How and how well do federal and provincial governments exploit these supports to coordinate policies and reach accommodations on those jurisdictional questions which inevitably arise between them? Finally, given that Canada is not evolving in the direction which the theoretical literature foresees, can the character of the Canadian federation in the near or distant future be predicted? Is there a trend discernible in any particular direction? Is there some character which the federation should assume, to minimize conflict and maximize the chances of the survival of Canada?

At this point it may be acknowledged that an alternative approach to contending with the question of how a political system perpetuates itself is found in systems theory. Systems theory was developed with the express objective of explaining how a political system manages to accommodate forces within the society so that the system may be perpetuated. In short, it considers the "how" of system maintenance.¹⁴ The systems approach superficially seems appropriate for the theoretical orientation

¹⁴The seminal works on systems theory in political science are by David Easton, in particular The Political System (New York: Alfred A. Knopf, 1953), and A Systems Analysis of Political Life (New York: John Wiley and Sons, Inc., 1965). One major application of systems theory to comparative political studies is Gabriel A. Almond and G. Bingham Powell, Comparative Politics: A Developmental Approach (Boston: Little, Brown and Company, 1966). All of these works are representatives of the "whole system" approach which has been rejected for this thesis.

of this study, as we also are concerned with how the Canadian federation perpetuates itself. However, Canada's complexities and peculiarities, notably the wide range of relationships which are endlessly conducted between federal and provincial governments, render the kind of "whole system" approach exemplified by systems theory inappropriate in the Canadian context. If we are comprehensively to understand how and how well the Canadian federation perpetuates itself, we must explore all of the dimensions of the relationships amongst the eleven governments involved in federal-provincial relations. This cannot be accomplished by employing a "whole system" technique such as systems theory. Instead, a full understanding of the working of Canadian federalism is possible only through the pursuit of a number of case studies each of which focusses upon one or a few sets of intergovernmental relationships amongst many. In time these investigations may prove incremental to each other and permit a new perspective on the perpetuation of the Canadian federal system. Indeed, as we shall note in the following section of this chapter, this case study technique has become common amongst scholars of Canadian federalism in recent years.

The questions posed in the presentation of the research problem will not be definitively answered easily or soon, if they can be answered at all. They require study of a wide range of relationships between central and provincial governments. A few studies, including graduate theses, which directly or indirectly address these questions have been carried out in recent

years. They will be cited in the following section of this chapter. None of these projects have dealt with university education or with the relations between federal and provincial governments in this field. Yet government policy in respect to universities has been the subject of discussion and disagreement between the two levels of government in Canada for much of the past three decades. Accordingly, the field of university education is an appropriate device for this study of federal-provincial relations. It is true that the universities and the university community have constituted a "third actor" in the intergovernmental relations in this jurisdiction. However, this thesis is directly concerned with federal-provincial relations and Canadian federalism. The universities themselves and government-university relations are thus necessarily a secondary consideration. They are discussed only to the extent that they apply to federal-provincial questions.

The period between 1945 and 1970 was selected for this thesis. Prior to World War II, most Canadian universities were private institutions and as such were given little attention or financial support by either level of government. For all practical purposes, there were no federal-provincial relations in university education until after World War II. Soon after the conclusion of that conflict, the federal government asserted its proper concern for maintaining a high quality of university education. The crucial contribution of the university to the cultural life of Canada as a whole was asserted. Accordingly,

a system of federal per capita grants paid directly to the universities was instituted. Education, however, happens to be a provincial responsibility under the British North America Act, Canada's constitution. Moreover, it is the very jurisdiction which the provinces traditionally have guarded most jealously. Thus in the postwar period the stage was set for the central government and the provinces to attempt to accommodate their policy and priority conflicts on the subject of Canada's university.

The province of Ontario is the only province which is considered in detail in this thesis. Ontario's importance in Confederation is manifest. It is Canada's wealthiest and most populous province, home to nearly forty per cent of the people in Canada. Ontario also has the largest university population in Canada. Perhaps because of all this, Ontario appears to have negotiated with Ottawa on university education more intensively than any other province, with the possible exception of Quebec. Of course, other provinces, particularly Quebec, must be studied on this matter as well. This is especially true when one considers the limited opportunity to generalize which the study of one or a few provinces--indeed which any case study--provides. But the discrete nature of provincial university systems requires that treatment of two provinces be nearly twice as lengthy as treatment of one. The time and resources available did not permit the detailed consideration of provinces other than Ontario.

An inherent limitation of case studies is their microscopic focus. They illuminate only one aspect of a wide range of activities. A case study of one province's relations with the central government in one jurisdiction over a specified time period cannot in itself provide conclusive evidence of how the Canadian federal system perpetuates itself. But a study of the particular province, jurisdiction, and time period selected for this thesis does promise to offer insight into the questions inherent in the research problem. It also permits the exploration in great detail of the complexities, over a period of time, of one set of important federal-provincial relationships. Such a study makes possible the attainment of a tentative and preliminary perspective on the perpetuation of the Canadian federation. It may be hoped that this project will prove incremental to others which both precede and follow it. In this way its findings will eventually be supplemented by evidence from other provinces, jurisdictions, and time periods, which together should permit a fuller perspective on Canada than has hitherto been possible. This study of Canada may also be of incremental usefulness in the comparative study of federal states. Students of federalism, in their pursuit of regularities in the evolution of federations over time, will find Canadian federal-provincial politics to be a valuable complement to studies of other federations. Ultimately, studies of Canada may induce students of federalism to formulate a revised interpretation of the evolution and long-range character of federations.

C. Other Approaches to Federal-Provincial and University-Government Relations

An inventory of the existing studies closest in subject matter to this thesis reveals what is presently on the record. A number of large-scale projects addressing government policy towards universities or problems of Canadian federalism have appeared in the past decade or so. None of these studies make use of systems theory. Most are unpublished academic theses. All of the theses consider some aspect of government policy towards education, although the perspectives differ; some are economic, some historical, but most were prepared in an Education faculty. The theses may be divided into two groups, those dealing with higher education policies of government, and those that do not consider higher education directly. Two theses fall into the first category. One, by Charles Hyman, discusses federal aid to higher education, but pays little attention to federal-provincial relations.¹⁵ Another, by the Deputy Minister of Education for Ontario at the time, is Edward E. Stewart's study of Ontario's involvement in the development of her universities from early colonial times to the middle 1960's.¹⁶ Stewart's work is an historical narrative written exclusively from a provincial perspective. The second group of theses

¹⁵ Charles Hyman, Federal Aid to Higher Education 1951-67 (Unpublished M.A. thesis, McGill University, 1968).

¹⁶ Edward E. Stewart, The Role of the Provincial Government in the Development of the Universities of Ontario, 1791-1964 (Unpublished Ed. D. thesis, University of Toronto, 1970).

includes Lionel Orlikow's study of federal-provincial relations in technical and vocational training during the 1960's,¹⁷ and Donald Glendenning's work on the earlier connection between the federal government and vocational training.¹⁸ Three theses consider the general relationship between the central government and education in Canada, treating the provinces in only an incidental manner. Barry Lucas sets out this federal government-education relationship, but affords somewhat more attention to technical and vocational training than to universities.¹⁹ Rex Tallentire discusses the entire range of Ottawa's activity in education, and covers very much the same ground as Lucas.²⁰ The debates in the House of Commons and Senate of Canada on federal involvement in education are considered by Wilbert Toombs.²¹ Finally, from the point of view of public finance, David Cameron explores the relationships between Ontario and her

¹⁷Lionel Orlikow, Dominion-Provincial Partnerships in Canadian Education, 1960-67 (Unpublished Ph.D. thesis, University of Chicago, 1964).

¹⁸Donald Glendenning, The Impact of Federal Financial Support on Vocational Education in Canada (Unpublished Ph.D. thesis, Indiana University, 1964).

¹⁹Barry Lucas, Federal Relations to Education in Canada, 1970: Investigation of Programs, Policies, and Directions (Unpublished Ph.D. thesis, University of Michigan, 1971).

²⁰Rex Tallentire, The Development of National Purpose in Canadian Education, 1945-1967 (Unpublished M.A. thesis, McGill University, 1971).

²¹Wilbert Toombs, Parliamentary Debates on Federal Financial Participation in Canadian Education (Unpublished Ph.D. thesis, University of Alberta, 1966).

municipalities in financing education.²² It is clear that while all of these theses are helpful for the attainment of some insight into federal-Ontario relations in university education or the perpetuation of the Canadian federation, none of them directly address either of these subjects.

Unlike the theses, the books closest to the area of concern of this thesis do consider the problems of Canada's federal system. But they devote little or no attention to government policy towards universities. Two recent general works, by Donald Smiley and Edwin Black, acknowledge the depth of Canada's fragmentations. In Smiley's case especially, these books betray some apprehension about Canada's ability to perpetuate herself without major adjustments in the relationships between federal and provincial governments.²³ A third study, by Mildred Schwartz, accepts Canada's divisions as immutable but expresses no anxiety about the country's future.²⁴ Two other projects, methodologically similar to this thesis, consider

²²David M. Cameron, The Politics of Education in Ontario, with Special Reference to the Financial Structure (Unpublished Ph.D. thesis, University of Toronto, 1969).

²³Edwin W. Black, Divided Loyalties (Montreal: McGill-Queen's University Press, 1975); Donald V. Smiley, Canada in Question: Federalism in the Seventies (Toronto: McGraw-Hill Ryerson Limited, 1972). The suggestions offered by Donald Smiley and Richard Simeon for changes in the federal-provincial relationship are discussed in Chapter II, Part Two.

²⁴Mildred A. Schwartz, Politics and Territory (Montreal: McGill-Queen's University Press, 1974).

federal-provincial relations in three specific fields of recent contention. Richard Simeon concludes from a study of federal-provincial negotiations in pensions and constitutional revision in the 1960's that Ottawa and the provinces work out their differences in a relationship characteristic of international diplomacy.²⁵ J. Stefan Dupre and others find confrontation of federal and provincial "grand designs" as the chief characteristic of relations between Ottawa and Ontario in adult occupational training.²⁶ The lack of agreement in these studies is a clear indication that the question is open and that further explorations are appropriate.

Indeed, there is still another reason for pursuing the question of how the Canadian federation perpetuates itself. Richard Simeon, in his study of federal-provincial diplomacy, contends that "the social basis for Canadian federalism is strong" because of the pronounced territorial diversities which prevail in this country.²⁷ But Simeon is only half correct. The social basis for a successful working federation also demands forces for unity powerful enough to supply balance to the

²⁵Richard Simeon, Federal-Provincial Diplomacy: The Making of Recent Policy in Canada (Toronto: University of Toronto Press, 1972).

²⁶J. Stefan Dupre, David M. Cameron, Graeme H. McKechnie, and Theodore B. Potenberg, Federalism and Policy Development: The Case of Adult Occupational Training in Ontario (Toronto: University of Toronto Press, 1973).

²⁷Simeon, op.cit., p. 23.

diversities and keep the system from disintegrating. This thesis seeks to explore federal-Ontario relations in university education to arrive at some tentative appreciation of how, and how well, this necessary balance is being (and can be) maintained in the Canadian federal system.

D. The Organization of the Thesis

This study is divided into seven chapters. Chapter II, Part One provides an overview of Canadian federalism in theory and practice in respect to both education and other jurisdictions and to matters of concern to both federal and provincial governments over the full period from the times of Confederation to the present. In Part Two of Chapter II, three new terms are presented as analytic tools to reach a new perspective on the study of federal systems generally and Canada specifically. All of this is necessary to provide the background and vocabulary for the discussion of federal-provincial relations in later chapters.

Chapter III traces the evolution of university-government relations, particularly those involving Ontario universities. Part One carries the discussion to 1945, through the lengthy period of federal government nonparticipation in these relations. Part Two discusses the more eventful 1945-1970 period. Once again, an appreciation of the background against which the federal-provincial relations considered in subsequent chapters have been conducted is the objective. Commission briefs and

reports; memoranda, letters, and other files of federal and Ontario governments; interviews with civil servants; minutes of meetings of the (Ontario) Committee on University Affairs; and press releases and submissions to government by interest groups are amongst the sources drawn upon in this and subsequent chapters. (For more detail on sources, see Section E of this chapter.)

The discussion of this chapter provides background information for the material that follows, as the university finance policies assumed by each level of government in its dealings with the other have been grounded in part in that government's own relationships with and policies toward universities.

The actual relations in university education between the central government and Ontario from 1945 to 1970 are detailed in Chapter IV. Emphasis is placed on the two periods (1951-1952, 1965-1967) of federal government initiative in assisting in the finance of university education. The political and economic priorities and objectives of Ontario and the central government, and the respective interpretations of the Canadian federal system which may have been involved in their relations, are major subjects of concern.

Chapter V discusses the early 1970's. This chapter represents an attempt to add perspective on the implementation and long-range consequences, for both the universities and Canadian federalism, of the far-reaching changes in university finance of the late 1960's.

A summary of those findings dealing with government-university relations, and conclusions drawn from these findings, are presented in Chapter VI. Emphasis is given to the following aspects of university-government relations: how and why these relations have assumed the form which they have; what the present organization of higher education in Canada implies for the future of Canadian higher education; the price that is paid when there is no national coordination of higher education--and the price of an attempt to force such coordination. Speculations about the likely future role of the federal and provincial governments in university-government relations are also offered.

Chapter VII, the final chapter, attempts to provide a tentative perspective on the perpetuation of the Canadian federation. In effect, this discussion comprises an evaluation of executive federalism as it has been practised in Canada--and suggests how it might be conducted in the future. The concluding chapter also considers the range of research questions which this thesis poses.

E. Research Materials and Methodology

The files of both levels of government house the most desirable primary source research material for a case study of one aspect of the range of federal-provincial relationships. Most of the material for this thesis was selected from federal and Ontario government files. Files of the various ministries are officially closed for thirty years, but access may be granted to the researcher on a discretionary basis. A request to examine the federal

Department of Finance files concerning relations between the federal government and Ontario in respect to universities was granted, at least for material dating from 1951 to 1972. These files could be consulted only with the agreement that they would not be quoted directly. They consist largely of memoranda written by and to federal officials, including Cabinet ministers. It was not possible to arrange an interview with the Honourable Judy LaMarsh, who as Secretary of State was a central participant in the framing of a new federal policy respecting universities in 1966.

While information from the federal perspective came largely from file material, it was necessary to conduct interviews to obtain corresponding assistance from the Ontario government. Access to Ministry of Education and Department of University Affairs files for any part of the period since 1945 was refused. Consequently, research from the Ontario point of view had to assume a form somewhat different from the investigations carried out in Ottawa. Because the access restriction is limited to thirty years, provincial files of 1945 were consulted. Information on more recent developments was obtained from two sources. These were interviews with five Ontario civil servants and examination of the (open) files of the (Ontario) Committee on University Affairs.

The officials interviewed are:

Department of University Affairs

Frank Kidd, Executive Director, Common Services Division,
18 February 1976

Robert Beach, Supervisor, Institutional Accounting and Architectural Services Branch, Common Services Division, 18 February 1976

Ministry of Treasury, Economics, and Intergovernmental Affairs

P.J. McGinley, Senior Economist, Intergovernmental Finance and Grants Policy Branch, 18 February 1976

D.W. Stevenson, Senior Assistant Deputy Minister, Economic Policy and Intergovernmental Affairs, 29 June 1976

Ministry of Revenue

T.H. Russell, Deputy Minister, 24 March 1976

Messrs. Russell and Stevenson took part in the 1966 negotiations which culminated in the Federal-Provincial Fiscal Arrangements Act. All five officials were involved in the 1976 federal-provincial discussions. As none of these interviewees may be attributed directly, they are referred to in the text and notes only by their Ministry. Mr. Russell, like Messrs. McGinley and Stevenson, is called "an official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario." The interviews were on the whole satisfactory, but they could not provide the richness of detail about events of a decade earlier which was found in the federal Finance files.

The files of the Committee on University Affairs in the Archives of Ontario supplied much valuable information. These files are largely concerned with activities of the Committee and university-government relations in Ontario, rather than federal-provincial dealings. As such, they are not a substitute for Ministry of Education files. However, they provided an

occasional insight into federal-provincial relations, and they were used extensively in the preparation of the sections of the thesis which consider the relationship between Ontario's government and her universities.

The Association of Universities and Colleges of Canada (AUCC) and the Canadian Association of University Teachers (CAUT) were consulted. Information on their lobbying activities with governments at both levels was sought. Both organizations offered some assistance, and the AUCC library in Ottawa was utilized. The Canadian Manufacturers' Association (CMA) was also consulted on its dealings with governments in regard to universities. Finally, the Ontario Institute for Studies in Education (OISE) in Toronto proved to be a valuable source of information. The OISE library was especially helpful in its large holding of unpublished graduate theses.

Like all case studies, this thesis possesses inherent deficiencies which preclude the formulation of theories applicable beyond the scope of the investigation. The literature on case studies presents an argument for such research. A case study is justified when, although no attempt is made to construct general laws from a single instance, the researcher designs his study to provide a foundation upon which subsequent investigations may be carried out. In this manner a case study can perform a heuristic function. It can facilitate the ultimate achievement of regularities from a succession of incremental

case and comparative studies.²⁸ This case study consciously endeavours to be of heuristic value in the pursuit of generalizations relating to the historical evolution of both the Canadian federation specifically and federal states universally.

Maurice Duverger opens the Preface to his Political Parties with this concession:

This work starts from a basic contradiction: it is at the present time impossible to give a valid description of the comparative functioning of political parties; yet it is essential to do so. We find ourselves in a vicious circle: a general theory of parties will eventually be constructed only upon the preliminary work of many profound studies; but these studies cannot be truly profound so long as there exists no general theory of parties. For Nature answers only when questioned and we do not yet know what questions this subject demands.²⁹

Duverger's paradox applies with equal appropriateness to federalism, even to Canadian federalism. It demands a realistic appreciation of both the possibilities and the limitations of case study research, and a recognition of what such a project can and cannot be expected to accomplish.

²⁸Possibly the most detailed assessment of case studies is found in Harry Eckstein, "Case Study and Theory in Political Science," in Fred I. Greenstein and Nelson W. Polsby, editors, Strategies of Inquiry (Reading, Massachusetts: Addison-Wesley Publishing Company, 1975), pp. 79-132. For Eckstein's discussion of the "building-block" technique of heuristic case studies, see ibid., pp. 104-108. Also see Arend Lijphart, "Comparative Politics and the Comparative Method," American Political Science Review (Vol. LXV, No. 3, September 1971), especially pp. 691-695.

²⁹Maurice Duverger, Political Parties (New York: John Wiley and Sons, Inc., 1963), p. xiii.

CHAPTER II

FEDERAL-PROVINCIAL RELATIONS IN CANADA: A REVIEW

In a working federalism like ours where both contripetal and centrifugal forces have full play, there is certain to be a good deal of dishevelled politics, temporizing, untidy and partial solutions ... I have almost concluded that a tidy mind is a crippling disability in dealing with the problems of the Canadian federation.¹

Introduction

The environment in which relations between the federal government and the province of Ontario have been conducted in the post-1945 period is the legacy of a century of evolution of the Canadian federation. It is rooted in the essential nature of Canada and in her experience under her constitution, the British North America Act of 1867. This chapter offers some reflections on the present status of the Canadian federation, and how it has evolved. Specifically, the recent appearance of the pattern of relations between the federal government and the provinces known as executive federalism is considered. Executive federalism refers to a seemingly endless and frequently conflictful series

¹J.A. Corry, "Higher Education in Federal-Provincial Relations," University Affairs (Vol. 8, No. 2), December 1966, p. 2.

of conferences often ministerial levels between officials of provincial and federal governments. These conferences feature negotiations in which the making of national policy in matters of common interest is attempted and is sometimes realized. It is the thesis of this chapter that Canada's perpetually fragmented nature, and her full history as a federal state from the times of Confederation to the present, have unavoidably led to the emergence of executive federalism as the means to accommodate federal-provincial disagreements and to maintain the existence of the Canadian federal system.

Part One of this chapter presents an overview of the full evolution of the Canadian federal state. Four themes grounded in Confederation itself pervade the evolution of relations between the Government of Canada and the provinces since Confederation, through successive periods of dual, cooperative, and executive federalism. These themes are: the absence of a sense of national (that is, Canadian) identification and allegiance throughout the country; the British North America Act's assignment of education, health, welfare, and natural resource jurisdictions to the provinces; the disproportionate political, cultural, and economic strength of the two preeminent provinces, Ontario and Quebec; and the relentless cultural individuality of Quebec. The continuing salience of these themes has made executive federalism necessary, even while facilitating the appearance of autonomist movements in Quebec and in some western provinces.

Part Two of this chapter is a section which endeavours to place the historical treatment of this chapter, and the present status of Canada's federal system which emerges from it, within a context of a general discussion of circumstances which any ongoing federation may encounter. It is hoped that a new perspective on Canada's federal system and on executive federalism can be achieved in such a discussion, and that this treatment will facilitate our analysis of the set of federal-Ontario relationships considered in later chapters.

Part One: The Canadian Federal Experience

A. British North America in the Confederation Era

By way of introduction to this and the following section, a few general observations provide an overview of the period. The name "Canada," applied since Confederation to the federal state which was created in the 1860's, was the official name ("Province of Canada") of one of the three original parties to Confederation. The Province of Canada consisted of Canada East (Lower Canada, or, as it will be called here, Quebec) and Canada West (Upper Canada, or Ontario), which from 1840 to Confederation were joined together in a centralized arrangement called a legislative union.² By the 1860's the Province of Canada contained a much larger population than the Maritime provinces of New

²For a political discussion of the Province of Canada, see J.M.S. Careless, Union of the Canadas; the Growth of Canadian Institutions, 1841-1857 (Toronto: McClelland and Stewart, 1967).

Brunswick and Nova Scotia, and the island colonies of Prince Edward Island and Newfoundland.³ The political elites in Canada were far more determined to unite Canada and the Maritimes than were their Maritime counterparts. When the Confederation movement gained momentum, it was a small group of leaders of the Province of Canada who led the operation and dominated the discussions, and decisions, which eventuated in the British North America Act. In short, as the most powerful Fathers of Confederation were Canadians, the agreement in its essentials represented a Canadian rather than Maritime point of view.

An appreciation of the social and economic differences between the Atlantic region and the Province of Canada is necessary for a comprehension of the diverging perspectives of the two sections at the time. The Province of Canada was governed through virtually the full decade preceding Confederation by a coalition between the two parties most favourable to union of British North America, the Conservatives of Ontario and the Bleus of Quebec. The two major opposition groups, the ideologically semi-American Reformers and Rouges respectively, were too weak in the Confederation period for their misgivings about Confederation to carry much weight.⁴ The dominant parties were led by John

³William Whitelaw, The Maritimes and Canada before Confederation (Toronto: Oxford University Press, 1966), Chapter I.

⁴The best discussion of party politics in the Confederation period is probably P.B. Waite, The Life and Times of Confederation 1864-1867 (Toronto: University of Toronto Press, 1962).

A. Macdonald and George E. Cartier, two men whose personal political philosophies were oriented to the practical and to what is known in our time as nation-building. Both men held as a high priority the development of a vigorous and prosperous British North American state spanning the continent. Both believed that union between Canada and at least the two provinces in the Maritime region was the appropriate, indeed the indispensable first step in the creation of a second great transcontinental state in North America.

Cartier and Alexander T. Galt, both Bleu political figures with railroad connections, jointly introduced the Confederation scheme in 1858, in the belief that unification of British North America was a prerequisite to the opening and economic development of the West.⁵ In the 1860's Macdonald and Reform leader George Brown, the latter breaking ranks with most of his party, came to support the plan. From that time forward the project encountered little effective opposition in the Province of Canada, as the Rouge critics were poorly represented in the legislature and the Reform opponents were neutralized by their leader's defection. There were both economic and political attractions in Confederation that made it an appealing prospect to many Canadians.

⁵Ibid., p. 38; Donald Creighton, The Road to Confederation (Toronto: Macmillan of Canada, 1964), p. 46. For a discussion of the business affiliations of Galt and Cartier, see Frank H. Underhill, In Search of Canadian Liberalism (Toronto: The Macmillan Company of Canada Limited, 1961), pp. 26, 28.

The scheme's economic appeal centred upon the benefits which would ensue from both an ending of the tariff on goods from the Maritimes (especially coal from Nova Scotia), and the construction of a rail link to open the West and exploit its vast resources in furs, minerals, oil, timber, and grain.⁶ There is evidence that Brown intended to exploit the natural resources of both the Maritimes and West to the economic advantage of Ontario, particularly to use these resources to spur Ontario's industrial development.⁷ Frank Underhill, an historian sympathetic to Brown, concedes that Brown's vision of a future transcontinental state placed Ontario at the centre of economic activity and political power, with eastern and western sections of the country serving as adjuncts to the interests of the political and economic pivot.⁸ Other supporters of Confederation were less candid in their economic rationalizations for the project, but neither Macdonald nor any other Father of Confederation denied Brown's conception of Canada's eventual economic character, either by word or deed.

While the economic attractions of Confederation were sufficiently appealing to many Canadians to ensure their support

⁶Legislature of Canada, Parliamentary Debates on the Subject of the Confederation of the British North American Provinces (Quebec: Queen's Printer, 1865), pp. 97-98.

⁷Brown's links to the Toronto business community are considered in Careless, op.cit., p. 206.

⁸Underhill, op.cit., p. 63.

for the scheme, political arguments in its favour were also advanced. By the middle 1860's it was becoming apparent that the British government wished its North American dependencies to unite and to assume a greater role in conducting their own affairs and providing for their own defence.⁹ This policy was due in part to a newfound British commitment to Manchesterian free trade, and a resultant downgrading of special trading relationships with what were considered uneconomic and inefficient possessions in North America.¹⁰ The Colonial Office in London concluded with regret that diversities in British North America were too profound to permit the institution of the superior centralized form of government enjoyed by Britons. Consequently, instructions went forth to the British Governors serving in North America to pressure the political leaders there to put into operation some kind of federal union.¹¹

These orders were carried out, but a new problem may have exercised more influence over reluctant British North Americans: the threat, or to some persons the strong prospect, of a military invasion from the south. During the United States Civil War, even though few British North Americans may have sympathized with the Confederate cause, Conservative political figures (in

⁹Waite, op.cit., Chapter 2.

¹⁰Ibid., pp. 18-20.

¹¹Ibid., pp. 172-174, 188, 219, 223-226, 256-262.

Toronto and Halifax, as well as in the Mother Country) offered assistance and a safe haven to Confederates.¹² When the conflict drew to a close in 1865, some Americans suggested that the still-mobilized Union army might be put to good use in an annexation of the remaining British territory on the continent.¹³ As if to underscore the threat of American attack, there were two invasions of British North American territory by Fenians in 1866, with the objective of involving Britain and the United States in hostilities so mutually destructive that Ireland might gain independence. Although in historical perspective the Fenian Raids were farcical and pathetic, they caused consternation amongst both Maritimers and Canadians.¹⁴ It should be recalled in this connection that an apprehended military threat is widely offered in the "literature of federalism" as an inducement to the founding of a federation. With these twin perceived military dangers facing British North Americans at once, an incentive was not only present but was widely regarded as compelling.

In the Confederation period, such Canadian political leaders as Macdonald and Brown also stressed another political motivation for union: national pride, the opportunity to found and create a "great British nation" on the North American continent. This argument received heavy play in public speeches and appeals, including the Canadians' speeches at the Charlottetown

¹²Creighton, op.cit., pp. 16-19, 194, 274-275.

¹³Ibid., pp. 212-213.

¹⁴Ibid., pp. 367-368, 382-385, 403-404; Waite, op.cit.,
Chapter 15.

Conference.¹⁵ But it may be that this national appeal was largely for public consumption. Amongst themselves, in the Confederation Debates at Quebec in the Parliament of Province of Canada, the Canadians virtually ignored the national pride approach in favour of the more mundane and pragmatic economic and political considerations just discussed. On balance, Canadian political leaders seem to have been motivated more decisively by hard-headed economic and political factors than by anything else.

The "national pride," appeal notwithstanding, ultimate allegiance amongst most English-speaking residents of British North America in the Confederation period lay with Britain. Many of the Fathers of Confederation so manifested a captivation with Britain, her traditions and parliamentary institutions, the Empire, and possibly above all the Queen (Victoria), that they were known to refer to the mother country as "home".¹⁶ They took great pride in the fact that British North America was an integral (and indeed the largest) component of that most splendid institution on earth, the British Empire. In this climate, there was little opposition to a perpetuation of colonial status in constitutional and external affairs in the new Dominion. When Macdonald invoked a future in which Canada, "subordinate but powerful," would stand by Britain "in peace or in war," he spoke for most of his colleagues.¹⁷ Such a colonial mentality within

¹⁵Waite, op.cit., Chapter 6.

¹⁶John A. Macdonald in Legislature of Canada, op.cit., p. 43.

¹⁷Ibid., p. 44.

the leadership of a fragmented new state could only impede the evolution of a sense of loyalty to and identification with the Dominion of Canada amongst English Canadians.

It is difficult for someone familiar with the perennially reduced circumstances of the Maritime provinces in our own time to appreciate the very different status which they enjoyed in the pre-Confederation times. Newfoundland, it is true, was almost desperately poor in those days and was totally dependent upon London in both economy and politics. Her physical and emotional isolation from the rest of British North America and her eastward orientation, perhaps more than her political and economic dependency, prevented Newfoundland from expressing great interest or becoming a partner in Confederation.¹⁸ Nova Scotia fancied herself something of a global maritime power, neither wishing nor needing closer association with the "backwoods" of inland Canada. William Whitelaw even believes that this province had reached the "threshold of nationality" in the pre-Confederation period.¹⁹ Nova Scotia's sea-oriented economy was characterized by extensive trade with the United States, especially New England, and with Britain. In contrast, Scotiamen maintained little association with and less regard for Canadians.²⁰ Many Maritimers--Scotiamen in particular, it seems--disdained the French of Quebec as

¹⁸Ibid., pp. 166, 177. Newfoundland delegates attended the Quebec but not the Charlottetown Conference.

¹⁹Whitelaw, op.cit., pp. 17-18.

²⁰Waite, op.cit., pp. 194, 197; Whitelaw, op.cit., pp. 13-14.

fossilized remnants of the seventeenth century and the Upper Canadians as uncouth rustics with questionable loyalty to the Mother Country.²¹ Nova Scotia's unswerving loyalty and her Empire orientation were reflected in the enthusiasm for Imperial Federation which infected sometime Premier Joseph Howe and many of his compatriots. Unfortunately for them, London was not interested in such a scheme at the time.²² When Imperial Federation proved impracticable, Howe suggested a centralized Maritime legislative union. However, New Brunswick and especially Prince Edward Island would have none of a proposal which threatened to obliterate their identity and limited political autonomy.²³ Surely part of the reason why Scotiamen entertained these two schemes is that in both proposals the pressure for union of some sort emanating both from London and the United States could be acknowledged without Nova Scotia subordinating herself to the distrusted Canadians. The province was placed in an unpleasant dilemma when these proposals failed. To the consternation of many Canadians, many Nova Scotians resolved the dilemma by announcing in favour of legislative union of all of British North America.²⁴

²¹Whitelaw, op.cit., p. 25.

²²Waite, op.cit., Chapter 2; P.B. Waite, Confederation, 1854-1867 (Toronto: Holt Rinehart and Winston of Canada, Limited, 1974), p. 27.

²³Waite, Confederation, op.cit., p. 69; Waite, The Life and Times of Confederation, op.cit., pp. 238, 248.

²⁴Waite, Confederation, op.cit., p. 91; Waite, The Life and Times of Confederation, op.cit., p. 203.

Prince Edward Island, like Nova Scotia, basked in a prosperity in the 1860's that soon passed and has yet to return.²⁵ Unlike her mainland neighbours, Islanders were of an insular temperament. They disapproved of all proposals for union which entailed a diminution of control over their own affairs through their own legislature in Charlottetown. Because of the Island's small (and static) population relative to other sections of British North America, Islanders feared that they would exert virtually no influence over the decisions of a central authority in any union, even a Maritime union.²⁶ Besides, Islanders not only shared Scotiamen's lack of identification with Canadians, but felt little kinship with other Maritimers as well. Prince Edward Island's overriding concern in the 1860's was that London permit the repatriation of a large part of the Island which had been handed to absentee landlords in Britain a century before.²⁷ Only as part of a settlement of this longstanding cause for resentment amongst the Islanders could Prince Edward Island be induced to become a partner in even a decentralized British North American union.

²⁵Waite, The Life and Times of Confederation, op.cit., Chapter 12.

²⁶Ibid., p. 187.

²⁷Ibid., pp. 180-181; Whitelaw, op.cit., p. 14.

New Brunswick was somewhat less hostile to union than her Maritime neighbours. This is possibly because she regarded herself as less prosperous and more economically dependent upon other sections of North America than the others, and possibly because her residents were more familiar with Canadians.²⁸ Like Prince Edward Islanders, New Brunswickers were leery of losing identity and partial autonomy in Maritime or legislative union.²⁹ Perhaps more than any particular form of government, New Brunswickers desired an Intercolonial railway line from the St. Lawrence valley to Halifax, to facilitate her land-based trade with other sections of British North America.³⁰ It was widely believed that a federal union arrangement including a commitment to construct the Intercolonial stood at least a fair chance of acceptance in New Brunswick.

In summary of the Maritime position on union in the pre-Confederation period, it may be said that all four provinces and colonies on the Atlantic could have carried on without union of any sort, but not equally well in each case. Generally speaking, the economic appeal of union which was so attractive in Canada did not apply in the Maritimes. Maritime union,

²⁸Waite, The Life and Times of Confederation, op.cit., pp. 234-235; Whitelaw, op.cit., p. 26.

²⁹Waite, The Life and Times of Confederation, op.cit., p. 248.

³⁰Waite, Confederation, op.cit., p. 6.

legislative union of British North America, and Imperial Federation all had their supporters and detractors. Confederation, or a federal union of British North America, seemed to head few Maritime lists, but outside Nova Scotia it also failed to arouse opposition as intense as that which some of the other proposals encountered. Even when talk of union came to monopolize political discussion in the mid-1860's, and pressure was applied by London and the United States, many Maritimers resolutely held out against any scheme of union which involved their political unification with Canada.

B. Confederation

In spite of, or perhaps because of, the divided state of opinion in the Maritimes, Canadian political leaders were able to launch a federal Dominion of Canada in 1867. New Brunswick and Nova Scotia were aboard, albeit barely and tentatively. Delegates from the Province of Canada prevailed upon Maritime delegates at two conferences to endorse not only Canada's desire for British North American union but also Confederation itself. Particularly in New Brunswick, Maritimers' approval was assisted by pressure from London and colonial governors, the Fenian raids, and threats of invasion from the United States.³¹ The most important feature of the Maritime contribution to the Confederation

³¹Waite, The Life and Times of Confederation, op.cit., p. 249.

settlement and the character of the British North America Act, is that the Canadians managed to overrule the infrequent Maritime suggestions for modification in the scheme which the Canadians proposed, so that the end result assumed not only the form but also the particulars of what the Canadians wanted.

One major advantage which the Canadians possessed over the Maritimers is that they had worked out their differences in advance and presented a united front at Charlottetown and Quebec. Macdonald and his Conservatives of Ontario, fully in keeping with their reverence for all things British, strongly favoured centralized power on principle and accordingly preferred legislative union to any other union scheme. As Brown and his Reformers insisted on some measure of decentralization so that Ontario might enjoy her own legislature,³² the stage might have been set for bitter controversy between the two groups had Ontario entered the discussions with the Maritimes separately from Quebec. As it happened, Quebec settled the disagreement within Ontario by making it clear that Macdonald's Bleu allies would accept no proposal which threatened the French Canadian culture and language with anéantissement (annihilation).³³ Although Macdonald appears to have repeatedly endeavoured to persuade Cartier that Quebec's cultural rights could and would

³²Ibid., p. 39; Brown in Parliamentary Debates, op.cit., p. 108.

³³Waite, The Life and Times of Confederation, op.cit., p. 137.

be protected within a legislative union, none of the French leaders of either Quebec party would consider this option.³⁴ The French wanted not only their own provincial legislature, but a strong one. They demanded explicit constitutional guarantees for their language, and for the provinces to be granted those jurisdictions which related to Quebec's cultural character. Because a unification scheme hardly could proceed without Quebec, Macdonald yielded to Quebec on federalism. But he remained determined to make what he called the "general government" of the federation as powerful as possible in those areas where Quebec did not insist upon autonomy, particularly those which concerned direction of economic policy. That is, within a federal framework legislative union was to be achieved to the fullest possible degree.³⁵ And on this point, both Cartier and Brown, the latter to the consternation of many of his fellow Reformers, were at one with Macdonald. Brown was apparently motivated by his desire for a strong central authority to direct economic development and expansion, and by his newly-enhanced worship of the centralist British parliamentary tradition.³⁶ The result of

³⁴W.L. Morton, The Critical Years (Toronto: McClelland and Stewart Limited, 1964), p. 150. For Cartier's political views, see Jean-Charles Bonenfant, La Naissance de la Confédération (Montreal: Les Editions Leméac, 1969), p. 12; Stanley Ryerson, Unequal Union (Toronto: Progress Books, 1970), pp. 342-343.

³⁵Waite, The Life and Times of Confederation, op.cit., p. 12.

³⁶Brown in Parliamentary Debates, op.cit., pp. 85, 88-89, 108. For Brown's partial conversion, see Creighton, op.cit., pp. 39-43.

all these factors was a united Province of Canada in the discussions with the Maritime representatives.

One other advantage of the Canadians in the conferences was that in their province there existed a concensus that major political change was essential. The Province of Canada had been an uneasy alliance between French Quebec and English Ontario from the beginning, and had been maintained by a precarious system of equal representation for each section in the legislature. By the mid-1860's Ontario's population greatly exceeded Quebec's. The Reformers demanded representation by population, which Quebec rejected. At this point it was clear to all that the system had broken down irretrievably, and there was no reason to believe that an alternative could work any better.³⁷ Therefore, in the Charlottetown and Quebec deliberations, while the Maritime delegates were considering whether to undergo an alteration in the regime under which they lived, those from Canada already had answered this question in the affirmative and were strongly motivated to implement an entirely new arrangement which would end the impasse which they had reached in their own province.

The Charlottetown Conference was called officially to consider Maritime union, but Canadian delegates asked to attend and were welcomed. When it became clear that Prince Edward Island would not permit Maritime union, the Maritime delegates turned

³⁷Waite, The Life and Times of Confederation, op.cit., p. 37.

their rather sceptical attention to the arguments of the Canadians.³⁸ The appeal which the Canadians directed to the Maritimers was a combination of the practical and the nationalistic. Wisely, the Canadians did not stress the prospect of opening, exploiting, and settling the West. If anything, this approach, popular in Canada, could have backfired in the Maritimes, where it was widely feared that westward expansion would cause political and economic power to shift in the same direction.³⁹ The Canadians did most of the talking; they seem to have sold the Maritimers on the notion of a federal union. The precise features of the eventual federal state were not made clear at Charlottetown, but two specific suggestions of the Canadians were accepted. They were that the "federal principle" be honoured within the central authority through equal representation of regions (Maritimes, Quebec, and Ontario) in the upper house of the Parliament of Canada; and that "residual powers," those not spelled out in the still-to-be-written constitution, devolve to the central government.⁴⁰ Perhaps because the Maritimers had given little prior consideration to either of these details, they made no effort to question them at Charlottetown.⁴¹ Surprisingly enough, the

³⁸Ibid., p. 66; Waite, Confederation, op.cit., p. 69.

³⁹Waite, The Life and Times of Confederation, op.cit., p. 66.

⁴⁰Creighton, op.cit., pp. 117-118.

⁴¹Waite, Confederation, op.cit., p. 27.

Maritime delegates did not seem interested in the distribution of jurisdictions which a federal system would define. The arrangement already worked out amongst the Canadians ("cultural" matters to the provinces) stood unchallenged.

At Quebec the following year, the Maritimers were more assertive but still failed to effect changes in the Canadian scheme. Many Maritimers believed that implementation of the plan presented at Charlottetown would leave the smaller members of the federal union (namely themselves) vulnerable to domination by the largest members (Ontario and Quebec). But the Maritimers, like the Canadians faithful to British constitutional theory and practice, prized the principle of centralization.⁴² They also seemed to accept Macdonald's contention that decentralization ("states' rights") in the United States had brought on Civil War there.⁴³ As that conflict was still following its tragic course through both conferences, and as no one attempted to refute Macdonald's argument, centralization met with as little practical resistance as it did opposition in theory. The notion of central economic control and conduct of economic development, to be facilitated by monopolization of all but direct tax fields by the federal government, likewise seems to have encountered no significant dissent at Quebec. This is despite the fact that

⁴²Creighton, op.cit., p. 145.

⁴³Waite, The Life and Times of Confederation, op.cit., p. 11

it required the Maritimes to surrender their highly lucrative customs duties.⁴⁴ As Galt explained, direct taxes were expected to generate sufficient revenue for the provinces to carry out their limited "local" activities.⁴⁵

The matter over which disagreement did occur at Quebec was representation in the upper house of the federal Parliament.⁴⁶ Many Maritimers argued for equal representation for provinces rather than regions in that chamber. They did this despite the fact that the powers of this body were by no means clear. Its members, who presumably would act as a body of review over Commons-passed legislation, were to be appointed by the federal Prime Minister anyway!⁴⁷ Even on this point the Canadians refused to alter their position. It is true that the Maritimers could cite only American precedents to support their desire for equal provincial representation, a situation which possibly diminished their argument's cogency even in their own estimation.⁴⁸ In the face of Canadian intransigence, only Prince Edward Island insisted upon equal provincial representation.⁴⁹ As the other

⁴⁴A. Milton Moore, J. Harvey Perry, and Donald I. Beach, The Financing of the Canadian Federation (Toronto: Canadian Tax Foundation, 1966) (Canadian Tax Paper No. 43), pp. 1-2, 16.

⁴⁵Waite, The Life and Times of Confederation, op.cit., p. 109.

⁴⁶Ibid., pp. 89-90.

⁴⁷Creighton, op.cit., pp. 152-154; Whitelaw, op.cit., p. 111.

⁴⁸Creighton, op.cit., pp. 149-150.

⁴⁹Her Maritime neighbours deserted the Island on this issue. Whitelaw, op.cit., p. 248.

parties clearly believed that Confederation could proceed very nicely without the island colony, her wishes were ignored, just as she had anticipated they always would be.

It is ironic that the Fathers of Confederation instituted a nearly true federal system in this setting. We may recall that a federal system apportions at least one important jurisdiction to the central authority and at least one to the constituent units. This was done at Confederation only because Quebec insisted upon exercising control over matters which she deemed crucial to la survivance. It appears that the jurisdictions awarded the provinces in the British North America Act were those upon which Quebec insisted--little more and no less. Of greatest importance to Cartier, and to the then-powerful Church hierarchy, were education, property and civil rights, Quebec's French language, and some provincial control over immigration.⁵⁰ These jurisdictions plus "management and sale of public lands" (to provide provinces with revenue from timber sales) and "management of ... charities" (welfare) were granted to the provinces.⁵¹ This marked the first but not the last historic incidence of granting to all provinces what, and only what, Quebec required. Even so,

⁵⁰Creighton, op.cit., p. 237; Morton, op.cit., p. 151. For a discussion of the narrow interpretation of "property and civil rights" prevalent in the nineteenth century, see A.R.M. Lower, Colony to Nation (Toronto: Longmans, Green and Company, 1946), p. 331.

⁵¹Section 92 of the British North America Act enumerates sixteen provincial powers, Section 93 grants education to the provinces, and Section 95 grants concurrent federal and provincial jurisdiction over agriculture and immigration.

the criteria for a federal system were met, for this arrangement does constitute a genuine division of powers between the two levels of government.

It must be stressed that the Fathers of Confederation did not define federalism in a division of powers sense. In fact, Maritimers, Ontarians, and even some Quebeckers largely interpreted Canada's "federal principle" in terms of guarantees of provincial or regional influence within the central government, in most cases the Senate, not in the "coordinate sovereignty" of the two levels of government. More than likely, this reflected their perception of a dominant federal government within the new system, and their desire to pattern the Canadian national state on the British rather than the American model. Only the Rouge and Reform oppositions in Quebec and Ontario defined federalism as division of powers between central and regional governments.⁵² But even the Reformers were primarily concerned with achieving representation by population and detaching Ontario from Quebec. Once these goals were achieved, Reformers did not press for what only in later years came to be called "provincial rights." Cartier's own interpretation of federalism, like that of most of his associates, involved his province's representation in Ottawa.

⁵²Waite, The Life and Times of Confederation, op.cit., pp. 39, 133. For A.A. Dorion, the Rouge leader, see Bonenfant, op.cit., p. 86.

But for him the Quebec members of the federal Cabinet rather than those in the Senate were to serve as guarantors of Quebec's interests.⁵³

In both of these conceptions of the "federal principle" the provincial and regional interests in fact have not been guaranteed at all. In the scheme which took effect at Confederation, each region enjoyed one-third of the members of the appointive Senate. These Senators at no time have been responsible to, or subject to control by, any authority in their respective regions or provinces. Besides, even in the unlikely event of total regional concensus on a given issue upon which regions are pitted against each other, a united upper house delegation from a single region can be outvoted if the members from the other two (now three) regions are strongly opposed to their position. Furthermore, if one region were to confront the other two (now three) sections on a question where feelings and political stakes are high, this would probably happen. The same applies in the House of Commons as well, where representation is largely based on a province's population. Therefore, this scheme for protection of provincial or regional interests within the Parliament of Canada would prove inoperable when needed most. Cartier's conception of Cabinet guarantors of the rights of Quebec is equally naive. It overlooks the possibility that a federal

⁵³Waite, The Life and Times of Confederation, op.cit., p. 147.

party with few (or incompetent) Québec members might form a government. Moreover, in any conceivable Cabinet the Quebec members would be in the minority and would be subject to defeat on precisely those questions where Quebec's most sensitive concerns are at issue, namely, issues which divide French and English. But despite the pervasive misunderstanding of the "federal principle" and the specious "guarantees" of provincial and regional rights which embodied it, provincial jurisdictional power over a number of important fields was prescribed in the British North America Act. And whatever the intent,⁵⁴ the letter of the Act does conform to the requirements for a federal system, subject to the qualifications of the following paragraph. In short, the Fathers of Confederation set up a federal system in spite of themselves.

Even on this point a reservation must be noted, because of the powers of disallowance and reservation. The provinces accepted Macdonald's suggestion that (in line with traditional British practice) the central Cabinet should be permitted to disallow legislation enacted by a provincial government within one year of passage, and that federally-appointed lieutenant governors in the provinces could reserve provincial legislation. The intent of these powers was clear enough: the central authority

⁵⁴Waite believes that Confederation came close to "legislative union with a constitutional recognition of a federal principle." Ibid., p. 110.

was to keep the provincial governments in their (decidedly inferior) place.⁵⁵ It does appear that disallowance and reservation are incompatible with the definition of federalism offered in this paper, and that the Canadian federal system is, as K.C. Wheare labels it, "quasi-federal."⁵⁶ As it happens, however, disallowance and reservation have been applied infrequently. At the present time both seem to have fallen into total and possibly permanent disuse. Perhaps the greatest significance of the disallowance power is that its presence reflects the determinedly centralist tenor of the Confederation settlement. In practical terms, disallowance no longer appears to be any threat to Canada's status as a federation.

Despite the fact that delegates from New Brunswick and Nova Scotia approved the Quebec Resolutions which eventuated from the Quebec Conference, Prince Edward Island and Newfoundland were not interested in Confederation at that time, and opposition to the project within the two mainland provinces, Nova Scotia especially, was formidable. In fact, anti-Confederation sentiment ran so high in Nova Scotia that the scheme was formally approved there only after the pro-Confederation Premier refused a general election on the issue and steered appropriate legislation through the provincial legislature. It is considered all but

⁵⁵R. MacGregor Dawson, The Government of Canada (Toronto: University of Toronto Press, 1970), p. 28.

⁵⁶K.C. Wheare, Federal Government (London: Oxford University Press, 1956), pp. 19-21.

certain that had Confederation been put to a vote in Nova Scotia, it would have been soundly defeated. As it was, when the Dominion of Canada came into existence on the first day of July, 1867, many Nova Scotians marked the occasion by draping their streets in black.⁵⁷ In New Brunswick, despite a commitment that the new Dominion government would build the Intercolonial railway, Confederation was accepted by the provincial legislature only following an election in which vote-buying (subsidized by wealthy Upper Canadians) and electoral fraud assumed dimensions remarkable even by New Brunswick standards.⁵⁸ Both of these provinces entered Confederation amidst much resentment against Canada; in both provinces there was widespread feeling that Maritimers had been stampeded into something over whose nature they had been insufficiently consulted and over whose administration they would never be in a strong position to influence.

One cause for resentment in the Maritimes was the character of the financial settlement under which the various provinces would surrender their separate existences. Even a commitment at Quebec that the Government of Canada would assume provincial debts and supply an annual subsidy to all provinces was not enough to satisfy economically healthy Nova Scotia. Both of the Maritime provinces had obtained four fifths of their revenue

⁵⁷Dawson, op.cit., p. 35.

⁵⁸Waite, The Life and Times of Confederation, op.cit., pp. 256-262.

prior to Confederation from customs duties, which were now transferred to federal jurisdiction.⁵⁹ Not even the partial success of the post-Confederation campaign in Nova Scotia for "better terms" (a larger subsidy) fully placated residents of the province. Thus, federal-provincial discord over the provinces' capacity to finance their own activities, which is a familiar characteristic of federal-provincial relations in our own time, dates from the earliest years of the Dominion.

Education as a political jurisdiction was given little attention by the Fathers of Confederation. It seems hardly to have been mentioned in the Confederation Debates, or the Charlottetown or Quebec Conferences. Education had always been a local or provincial function; by Confederation it had already become a centralized provincial activity in Ontario.⁶⁰ As we know, Quebec's sensitivity on education was one of the major factors making a federal system necessary and causing education to be granted to the provinces in the British North America Act. Macdonald and his associates were determined to provide the central authority with all powers appropriate to control the economic life of the new state; however, no one seems to have

⁵⁹ Gerard V. LaForest, The Allocation of the Taxing Power under the Canadian Constitution (Toronto: Canadian Tax Foundation, 1967) (Canadian Tax Paper No. 46), p. 1.

⁶⁰ For a discussion of the evolution of Ontario's public school system, see J. Donald Wilson, "The Ryerson Years in Canada West," in J. Donald Wilson, Robert M. Stamp, and Louis-Philippe Audet, editors, Canadian Education: A History (Scarborough, Ontario: Prentice-Hall of Canada, Ltd., 1970). Also see R.D. Gidney, "Centralization and Education: The Origin of an Ontario Tradition," Journal of Canadian Studies (Vol. VII, No. 4).

recognized the relationship between education at any level and the economy at the time.⁶¹ The sole issue involving education at the time of Confederation was whether the constitution should guarantee education rights for minority religious groups within provinces. Following much give and take, it was decided that denominational schools legally entrenched at Confederation would be protected. In effect, this placated the minority Roman Catholics in Ontario and Protestants in Quebec, both of which groups had been apprehensive about their rights in provinces controlled by potentially hostile religious majorities.⁶² Minority (that is, Catholic) religious groups in the Maritime provinces were not protected by law prior to Confederation. These people, and religious minorities in the provinces subsequently added to the Dominion, had to settle for the right of appeal to the federal Cabinet when they felt their educational rights to be violated. This seemingly inequitable treatment of Catholics in the Maritimes did not bolster their support for Confederation.⁶³

Higher education was apparently never discussed at all in the Confederation deliberations; education to most people

⁶¹Robert M. Stamp, "Government and Education in Post-War Canada," in Wilson, *et al.*, *op.cit.*, p. 451.

⁶²Creighton, *op.cit.*, pp. 175, 410. Waite, *The Life and Times of Confederation*, *op.cit.*, pp. 131-132 (Upper Canadian Catholics), pp. 134-136 (Lower Canadian Protestants), pp. 288-292 (both groups).

⁶³*Ibid.*, pp. 268-269, 291.

meant public (that is, primary and secondary) schooling. There were few universities at the time; those which existed were small and were given little attention by governments. Even so, at least one educator anticipated his counterparts of generations to come by requesting supervision of universities by the new federal government to ensure "degrees of national quality"--in 1864!⁶⁴ No one seems to have followed up this suggestion. However, there is evidence that Macdonald and his close associate D'Arcy McGee maintained an interest in education after Confederation. Macdonald wrote in 1872 that "the subject of education has been withdrawn, unwisely as I always thought, from the control & supervision of the General Government,"⁶⁵ And it was contended in a 1957 debate in the Senate that McGee had proposed a federal Minister of Education in 1867.⁶⁶ In both of these cases universities were probably not included in the observation; in any event, nothing came of either Macdonald's or McGee's thoughts. In a sense, it may be said that Confederation assigned higher education to the provinces by default, by ignoring it completely while granting the provinces seemingly comprehensive jurisdiction over education.

⁶⁴The educator was William Dawson, Principal of McGill University. C.E. Phillips, The Development of Education in Canada (Toronto: W.J. Gage and Company Limited, 1957), p. 347.

⁶⁵Stamp, op.cit., p. 452.

⁶⁶The Senator was John J. Connolly, who quoted a McGee speech to the Montreal Literary Club on "The Mental Outfit of the New Dominion." Senate, Debates, 1957 Fifth Session, Twenty-Second Parliament 5-6 Eliz. II (Ottawa: Queen's Printer, 1957), p. 343.

In summary of the Confederation period, enthusiasm for a federal union of British North America was almost totally confined to the Province of Canada, Ontario in particular. Quebec was won to Confederation with promises of provincial jurisdiction over what French Canadian leaders of the time defined as crucial to the preservation of Quebec's singular culture. Education was emphatically one such field. Most of these jurisdictions, and few others, were granted to all provinces. Such provincial responsibilities as education and welfare were far less expensive and important in the Confederation period than they have since become. At least amongst leaders of the Province of Canada, there was a consensus that the central government must exercise sufficient taxing and jurisdictional power to carry out economic development and to open the West to settlement and exploitation. In Nova Scotia and New Brunswick, popular sentiment was decidedly less sympathetic to Confederation than was the view of elites in power at crucial moments. Despite this and the fact that the provisions of the British North America Act reflected little Maritime contribution, the proposal was approved by the legislatures of the two Maritime provinces. This could only have been accomplished in a manner which created much hard feeling amongst the region's residents. The heartfelt loyalty to Britain manifested by the Fathers of Confederation from all regions facilitated the imposition of a semi-colonial constitution which, as an act of the British Parliament, could only be amended or adjudicated in Britain. Out of both principle and practical politics a centralized regime was imposed on a fragmented society.

The new regime was truly federal in spite of itself (though only if we may overlook disallowance and reservation). . . But the prevailing expectations concerning how the "federal principle" was to be honoured in practice were foredoomed from the start to frustration and disillusionment. For these many reasons there was no development of a pervasive "Canadian" loyalty amongst the people of the new Dominion. Confederation's birth was into a strikingly infelicitous environment; its existence would inevitably be characterized by recurring and divisive crises.

C. Confederation to 1945

In the period between Confederation and the close of the Second World War, relations between central and provincial governments in Canada evolved on balance in the direction of increasing the number and importance of the meagre powers which the British North America Act had allocated to the provinces. The era between Confederation and the turn of the nineteenth century may be described in federal-provincial terms as the time of the birth and first flowering of the "provincial rights" movement. In the period prior to the 1880's, including the time of the Confederation discussions, not even Upper Canadian Reformers (renamed Liberals after Confederation) were unqualified champions of strong provincial governments. However, in the newly-created province of Ontario, provincial elites recognized fairly quickly that Confederation had relegated them to a highly inferior status in relation to the federal government. The very

Ontario Premier who became the provincial rights leader of his province, Oliver Mowat, was the delegate at Quebec who had moved both the resolution spelling out the sixteen jurisdictions to be awarded to the provinces, and the resolution providing the federal government powers of disallowance and reservation.⁶⁷

At that time Mowat was a disciple of George Brown and a supporter of a centralized federation. He came to be won over to provincial rights during his lengthy tenure as Premier (1872-1896).

As Premier, Mowat developed the argument that Confederation had instituted a federal system of equal and coordinate governments at the central and provincial levels.⁶⁸ This notion of "coordinate sovereignty" amounts to an assertion of the "federal principle" in its classic division of powers sense, but it constitutes nothing less than a clear repudiation of that principle as it was understood by the Fathers of Confederation. Mowat must have been aware of this fact. But the Premier was distressed by the manner in which Canada was being governed in the first decades after Confederation. Mowat's distaste for Prime Minister Macdonald was both personal and political; he took a particular dislike to what he considered the untoward influence of French political and religious leaders of Quebec and Roman Catholics

⁶⁷Creighton, op.cit., pp. 171, 173, 176.

⁶⁸Lower, op.cit., p. 382.

in general on Macdonald's policies.⁶⁹ Of course, it may also be speculated that Mowat was interested in enlarging his own personal power as Premier. But there can be no doubting his sincerity in granting no particular loyalty to Canada as such, while maintaining a dual allegiance, to Ontario above all and secondarily to the British Empire.⁷⁰

Whatever his motivations may have been, Mowat turned to the (Judicial Committee of the) British Privy Council for satisfaction of his grievances against Ottawa. This body had in effect been designated the ultimate court of appeal in Canadian jurisdictional disputes. Mowat managed to exact from the Committee a series of rulings which, taken together, strengthened the relative constitutional position of the provinces in the Canadian federal system. The most significant ruling for federal-provincial jurisdictional disputes was Hodge v. the Queen in 1883, in which the Committee first articulated the "aspect doctrine." The aspect doctrine asserted that the constitutionality of legislation which involves matters in some aspect under federal and in another aspect under provincial jurisdiction--potentially a very large share of all legislation--may be determined by deciding which of its two aspects is the legislation's "pith and substance."⁷¹

⁶⁹Mowat was a stern prohibitionist Presbyterian who was scandalized by certain of Macdonald's personal and political habits. Ibid., pp. 384, 405.

⁷⁰Ibid., p. 384.

⁷¹Peter H. Russell, Leading Constitutional Decisions (Toronto: McClelland and Stewart Limited, 1965), p. xxii.

This ruling, and others which followed from it, effectively destroyed two of the Confederation Fathers' cardinal tenets, supremacy of the central government and residual power in the central authority. The latter principle was vitiated by the Committee's placing the enumerated provincial powers in a position superior to those "residual" powers not specified in the constitution, and then interpreting the provincial powers so generously that almost nothing was left as residual.⁷² The federal government was left with only its enumerated powers, except in times of emergency.⁷³ In short, the Judicial Committee officially recognized Mowat's desire for coordinate status for the provinces.

Historian Donald Creighton, biographer and admirer of Macdonald, holds the Judicial Committee responsible for dismantling the centralized union which Macdonald had constructed at Confederation, and scuttling the possibility of the evolution of national allegiance amongst Canadians.⁷⁴ But other forces beyond the Committee's reach made it impossible for Canadians to develop that feeling of nationality which Mowat and most other Canadians lacked. The difficulties inherent in any attempt to generate nationalism in a country where strong colonial

⁷²Note the "Local Prohibition Case" of 1896 in this respect. Ibid., pp. 11-22.

⁷³For speculation about the Judicial Committee's motivations, see Lower, op.cit., pp. 67, 383.

⁷⁴Creighton, op.cit., p. 381.

loyalties were maintained are illustrated by the experience of Canada First. A movement by this name sprang up in the 1870's to advance Canadian national feeling, but its leaders were unsure whether they desired political independence or Imperial Federation.⁷⁵ The distaste of some Canada Firsters (and many English Canadians) for French Canadians militated against its becoming a national movement. Canada First failed to spread outside Ontario and disappeared after a few years. Some Ontario Liberals briefly toyed with Canada First-style nationalism. Edward Blake, a future leader of the federal Liberal party, in a speech at Aurora, Ontario, called for a Canadian national spirit, and enjoined Canadians to find "common ground on which to unite" and "a common aspiration to be shared."⁷⁶ But possibly because of unresolvable tensions between Canadian nationalism and allegiance to Britain and Empire, national sentiment died down. Mowat-style provincial loyalty proved to be more characteristic of the period.

Mowat found an ally in his conflict with Ottawa when Quebec elected a Liberal Premier, Honore Mercier, in 1887. Quebec had been a complacent Bleu province until the 1885 hanging of Metis rebel leader Louis Riel provided Mercier with an

⁷⁵ For three distinct views of Canada First, see D.R. Farrell, "The Canada First Movement and Canadian Political Thought," Journal of Canadian Studies (Vol. IV, No. 4); David P. Gagan, "The Relevance of 'Canada First'," Journal of Canadian Studies (Vol. V, No. 4); G.M. Houghan, "Canada First: A Minor Party in Microcosm," Canadian Journal of Economics and Political Science (Vol. 19, No. 2).

⁷⁶ Underhill, op.cit., p. 82.

opportunity to excoriate the Conservatives as racists and murderers. For reasons more emotional than logical, many French Canadians were scandalized by Riel's execution and welcomed their first occasion to punish the party of Macdonald for the deed.⁷⁷ Mercier labeled his provincial ministry a "national" government and quickly called a "Dominion-provincial conference" where he unveiled the "compact theory" of Confederation to representatives of four other provinces. All four of the original provinces were present. The compact theory was an ex post facto device to redesign the Confederation agreement so that there would be constitutional justification for Quebec's autonomy in any field she wished. Under the compact interpretation of Confederation, Canada is a voluntary association of equal partners, these being either the French and English Canadians, or the provinces.⁷⁸ The federal government is a convenience which exists to carry out whatever functions the partners agree shall be

⁷⁷Lower, op.cit., pp. 387-390; Peter B. Waite, Canada 1874-1896 (Toronto: McClelland and Stewart Limited, 1971), pp. 146-166.

⁷⁸For some compact theory proponents, see Canon Lionel Groulx, "Why We Are Divided," in Ramsay Cook, editor, French-Canadian Nationalism (Toronto: Macmillan of Canada, 1969), p. 243; Ryerson, op.cit., p. 375; G.F.G. Stanley, "Act or Pact? Another Look at Confederation," in Confederation (Toronto: University of Toronto Press, 1967), pp. 104-106. The controversy is still simmering. For a recent exchange, see Donald Creighton, Canada's First Century (Toronto: Macmillan of Canada, 1970), pp. 11-13; and a critique by Ralph Heintzman, "The Spirit of Confederation: Professor Creighton, Biculturalism, and the Use of History," Canadian Historical Review (Vol. LII, No. 3), pp. 245-275.

performed collectively. Any (or neither) of the partners may withdraw from any commitment, Confederation included, whenever it wishes; as in a true confederal union, ultimate sovereignty resides with each of the constituent units.⁷⁹ Most supporters of the compact theory since Mercier's time have been Quebecois and have defined the compact in terms of an agreement between Canada's two "founding races," meaning, in effect, between Quebec and the rest of the country.⁸⁰ The few English Canadian proponents of the compact have sometimes considered it a pact to which all provinces are equal parties.⁸¹ However the compact may be interpreted, Mercier's introduction of it reflected Quebec's disillusionment with her role in the federal government, in particular her lack of influence within Macdonald's Cabinet following Cartier's death in 1873. It is ironic that it was Cartier who had looked to the Cabinet as the guarantor of Quebec's interests, for since his death no Conservative Cabinet to this day has featured a Quebec influence with nearly the stature and prestige which Cartier himself enjoyed.

⁷⁹The compact theory actually interprets Confederation as a confederal rather than a federal union. For a discussion of the differences between a federation and a confederation, see Altiero Spinelli, The Eurocrats (Baltimore: Johns Hopkins Press, 1966), pp. 10-16.

⁸⁰See Groulx (note 78) for an example of this interpretation of the compact.

⁸¹See Stanley (note 78) for an example of this interpretation of the compact.

Mercier's compact theory was not explicitly accepted by leaders of the other provinces (and never has been), perhaps because it seemed to imply a status for Quebec superior to that of any other province. But a number of resolutions were passed by the conferees at Quebec, including calls for an end to disallowance, appointment of half the Senators by the provinces, and greatly increased annual subsidies to the provinces.⁸² Macdonald could and did ignore the conference and its resolutions, but the federal government in the last decades of the nineteenth century and first decades of the twentieth was being buffeted too strongly and on too many fronts to be capable of withstanding centrifugal pressures from the provinces indefinitely.

Between the 1870's and the First World War, as nationalism, provincial rights, and the alienation of Quebec made periodic appearances, one more or less continuing issue proved to be the most contentious of all over a sustained period: the tariff. We recall that the Fathers of Confederation from the Province of Canada entertained the vision of Canada as a "great British nation" making use of natural resources of East and West for the benefit of manufacturing industry in Central Canada. Macdonald's National Policy of protectionism was presented in 1878 as a nationalistic programme supplying Canadian industrialists with their own home

⁸²Donald Creighton, Dominion of the North, a History of Canada (Toronto: Macmillan Co. of Canada Ltd., 1957), p. 366.

market and stemming the alarming loss of Canadians to the United States in search of employment.⁸³ But in truth the National Policy encouraged the setting up of branch plants of (mostly American) foreign-owned corporations in border regions of Canada handy to United States population centres, mainly in Ontario and Quebec.⁸⁴

Thus, the 1880's, as depression came to characterize the Maritimes, industrialization proceeded steadily in Central Canada. In 1886 Nova Scotia once again threatened to secede from Confederation, on the grounds that Confederation generally and the tariff particularly were responsible for the newly reduced condition of the province.⁸⁵ It will be recalled that Maritimers never had thought too highly of "Canadians." The supercilious conduct of visitors to the Maritimes from Ontario and Quebec, and the relative prosperity which they seemed to embody, were objectionable enough to Maritimers even without depression or tariff.⁸⁶ But when Maritimers were penalized for trading with such traditional partners as Britain and the United

⁸³Lower, op.cit., p. 371.

⁸⁴For a stimulating if unconventional discussion of the entire range of Canadian economic development, see R.T. Naylor, "The Rise and Fall of the Third Commercial Empire of the St. Lawrence," in Gary Teeple, editor, Capitalism and the National Question in Canada (Toronto: University of Toronto Press, 1972).

⁸⁵Creighton, Dominion of the North, op.cit., pp. 356-357.

⁸⁶Ibid., pp. 356-357.

States, and depression followed seemingly as a result, personal insult was compounded by economic injury. "Maritime alienation" and sense of impotence and exploitation within Canada were entrenched before the close of the nineteenth century.

Yet as it turned out, the tariff's greatest antagonists lived not to the east of Central Canada but on the Prairie of the West, and in rural western Ontario. Once the Canadian Pacific Railway was completed, the Prairies rapidly became populated with grain farmers. Grain growers are congenitally antagonistic to high tariffs. In 1891 and again in 1911 the Liberal and Conservative parties split on the tariff issue in federal elections. On both occasions Liberals and farmers supported while Conservatives and manufacturing interests (and their employees) opposed reciprocal trade agreements with the United States. Both times reciprocity was defeated following a bitter campaign which divided Canadians on territorial lines. The Prairie vote was insignificant in the first election, but in 1911 that region upheld reciprocity as strongly as industrialized Ontario opposed it.⁸⁷ Then as now, by virtue of her large population, Ontario held the balance of power in most House of Commons elections. This fact is known only too well in other regions of the country, and is resented.

⁸⁷ J. Murray Beck, Pendulum of Power (Scarborough, Ontario: Prentice-Hall of Canada, Ltd., 1968), pp. 57-71.

By 1911 regional disagreements encompassed not only tariffs but what may be called the national issue, fueled by a cumulative series of tensions between French and English Canadians. The Riel hanging may be considered a prelude to a conflictful quarter century in which French and English Canadians divided over the rights of confessional schools in Manitoba and French schools in Ontario, Canada's proper role in the Empire and subsequently in World War I, and finally over military conscription during the war. The Manitoba and Ontario schools controversies involved conflicts between the principle of provincial autonomy in education and the rights of religious minorities to their own schools. In Manitoba, where there was no constitutional guarantee of sectarian institutions, the provincial government began to phase out separate schools in the 1890's. This action renounced assurances to these schools in the Manitoba Act, the document under which Manitoba had entered Confederation. In accordance with constitutional provisions for relief, the aggrieved Roman Catholic minority petitioned the federal Cabinet for remedial legislation. In both this and the Ontario situation the Cabinet faced a true dilemma; in both cases the alternatives were not merely mutually unsatisfactory but potentially dangerous to French-English (or Quebec-Canada) harmony. The Conservative Cabinet decided to supply relief, but for complicated reasons could not pass the legislation. Liberal Wilfrid Laurier subsequently was elected Prime Minister with the promise that in the interests of provincial rights he

would not coerce the Manitoba government.⁸⁸ Perhaps because of Manitoba's distance from Quebec and because Quebec had long upheld provincial rights, the negative reaction from the French province was nearly confined to the Church itself. But when Ontario (through Regulation 17) drastically curtailed the rights of her school children to be educated in French, and did so in the midst of the stresses of World War I, Quebec erupted in protest. This time she was apparently willing to forego provincial rights. On this occasion a Conservative Cabinet chose not to overturn the legislation.⁸⁹ The upshot in both the Manitoba and Ontario schools controversies was that provincial autonomy in education was upheld; but, incredibly though inevitably, this principle originally demanded and still cherished by Quebec was maintained at the price of still further disillusionment with and mistrust of Confederation in that very province.

A second controversy which divided French and English was Canada's relationship to Britain and her role in the Empire. Around the turn of the century, Imperial Federation enjoyed greater popularity in Britain than it had in the Confederation era. Many English Canadians emotionally took up the Imperial Federation cause at the zenith of jingoistic pride in the Empire

⁸⁸Lower, op.cit., pp. 400-401.

⁸⁹Creighton, Canada's First Century, op.cit., pp. 143-144. The settlement of the Ontario controversy is considered in Peter Oliver, "The Resolution of the Ontario Bilingual Schools Crisis, 1919-1929," Journal of Canadian Studies (Vol. VII, No. 1).

over which the "sun never set." Naturally, when the South African (Boer) War commenced in 1899, on the heels of Queen Victoria's Diamond Jubilee, English Canadians appeared eager for Canada to assume an active role in the fighting.⁹⁰ After some hesitation, Prime Minister Laurier committed a large force of Canadians to the conflict. The French Canadian reaction to this preoccupation with Canada's colonial status in the Empire was both negative and parochial. At the time the French were essentially indifferent to all external events. Those who thought about what was going on in Africa were most likely to sympathize with the Dutch settlers, whose minority status, so they believed, resembled their own.⁹¹ But the pro-war sentiment in English Canada was stronger than anti-war feeling in Quebec.

French views on Imperial Federation and Empire relations in general were more pronounced, however. A Nationalist movement led by Henri Bourassa sprang up in Quebec. It became the focal point for French opposition to close Canadian-Empire ties. Bourassa and such English Canadian nationalists as J.S. Ewart desired full independence for Canada within the Empire.⁹² Laurier

⁹⁰Lower, op.cit., p. 447. The best treatment of the Imperial question is found in Carl Berger, The Sense of Power; Studies in the Ideas of Canadian Imperialism, 1867-1914 (Toronto: University of Toronto Press, 1970).

⁹¹Lower, op.cit., p. 448.

⁹²Henri Bourassa, "Why French Canadians Oppose Imperialism," in Carl Berger, editor, Imperialism and Nationalism, 1884-1914: A Conflict in Canadian Thought (Toronto: The Copp Clark Publishing Company, 1969), p. 67. For Ewart's position, see J.S. Ewart, The Kingdom Papers (Ottawa, J.S. Ewart, 1912-1917).

might have taken the same position, had he not been required to accommodate English Canada's prevailing Empire loyalty. Laurier and like-minded Prime Ministers of other Dominions managed to stave off Imperial Federation.⁹³ Laurier was less successful in the Naval Bill controversy of 1910-1911, when Canadians split into three camps. The Imperialists wanted no distinctive Canadian navy but major Canadian contributions to the British navy, re-
viving one last time the possibility of closer Imperial connections. Laurier proposed a small Canadian navy under Canadian control. Bourassa and many French Canadians opposed Canadian involvement in any navy.⁹⁴ Laurier's Naval Bill was passed, at the cost of resentment in both French and English Canada. The cumulative effect of this series of crises which divided French and English was that fulfilment of Laurier's stated desire to reconcile the two groups in the aftermath of the Riel execution was thwarted.⁹⁵

The most explosive French-English confrontation of all was yet to occur. The Conscription Crisis of 1917 ominously divided French and English, and also rather definitively alienated Quebec from the Conservative party. The Conservative Prime

⁹³Lower, op.cit., pp. 398-399.

⁹⁴Creighton, Dominion of the North, op.cit., p. 428.

⁹⁵Laurier's problems are discussed in Robert J.D. Page, "Canada and the Imperial Idea in the Boer War Years," Journal of Canadian Studies (Vol. V, No. 1).

Minister, Robert Borden, was the image of an Imperialist by virtue of his party affiliation and personal reputation. He strongly supported a major role for Canada in World War I. When the impressive Canadian enlistments failed to match the appalling sacrifice of British cannon fodder at the front, Borden reluctantly introduced conscription and a "Union" government which included most English Liberals but not Laurier. In Quebec, where all Canadian participation in "Imperial" wars was widely opposed, conscription was vehemently resisted.⁹⁶ In the ensuing federal election, Quebec supported Laurier while English Canada voted overwhelmingly for Borden and conscription. In terms of appeals to traditional prejudices and loyalties, the 1917 election campaign was the most primitive and divisive in Canada's history.⁹⁷ The legacy of the events of that year lingers on to this day. French Canadians, and Quebec, have since tended to feel that they can never again trust a Conservative Dominion government to respect their interests. On the English Canadian side, French resistance to conscription persuaded many (who required little convincing) that the French were effete and subversive. Such stereotypes have a way of enduring generations after the events which implant them have passed from memory.

⁹⁶Lower, op.cit., pp. 468-470.

⁹⁷Beck, op.cit., pp. 136-146.

The cumulative effect of the events described to this point, including Confederation, was a legacy of alienation of Maritimers, Quebecois, and Westerners. All these groups found reason to believe that their various interests were not being represented adequately by the federal government. Understandably, there resulted a renewed appreciation by the provinces of their own capabilities and a focussing inward to maximize their capacity to conduct their own affairs in conformity with their own priorities. In the twentieth century, as public demands for social services increased, jurisdictions which had been granted to the provinces in the British North America Act and by the Judicial Committee came to assume greater importance and to require much more money than had previously been the case. But the provinces were still limited to direct taxation to raise funds; thus, jurisdictional power outran fiscal capacity. Education was the first of these provincial fields to cost a great deal of money, more than even the wealthiest provinces could raise through direct taxation. In this environment between the two world wars, provincial governments began to request assistance from Ottawa, if necessary in the form of conditional grants. Conditional grants were awarded only on condition that they be spent in a specified manner, usually in a programme under provincial jurisdiction which the federal government wanted carried out.

Conditional grants in education illustrate how Ottawa has utilized federal funds to assist the provinces to administer their own activities. In offering these grants, the central

government is placing itself in a position to exercise some influence over how the provinces discharge their responsibilities, although the extent of federal supervision varies from one grants programme to another. The first two conditional grants came in 1912 and 1919. They assisted provinces to finance agricultural and technical education respectively.⁹⁸ In these instances the federal explanation for its grants was threefold: people with agricultural and technical training were urgently needed, the provinces were unable or unwilling to meet this need without federal assistance, and agricultural and technical training are not entirely under provincial jurisdiction anyway.⁹⁹ These reasons closely coincide with the list which L.W. Downey presents as the general grounds which Ottawa has offered over a half century for its conditional grants. Downey's justifications are provincial purchase of "national goods" (goods or services considered important by Ottawa), promotion of equal services across Canada, and redress of the imbalance between the provinces'

⁹⁸These grants came through the Agricultural Aid Act (1912), its immediate successor, the Agricultural Instruction Act (1913), and the Technical Education Act (1919). According to J.C. Miller, these statutes were "the first attempt to formulate an educational programme on a Dominion-wide basis and involving the active participation and leadership of agencies created by the National Government." J.C. Miller, National Government and Education in Federated Democracies: Dominion of Canada (Philadelphia J.C. Miller, 1940), p. 305.

⁹⁹Agriculture is a joint federal-provincial jurisdiction. The rationale for federal assistance to technical education has always stood on shakier constitutional ground.

responsibilities, and fiscal resources.¹⁰⁰

Sir Hugh Guthrie laid the foundation for federal involvement in technical education in a House of Commons debate in 1908, when he moved a commission to investigate Canada's needs in industrial training. Guthrie asserted that the provincial education jurisdiction applied only to education "in the popular sense," not industrial instruction. The provincial power involved only

scholastic or academic training which will give [the student] a certain amount of culture and refinement--training in the arts and sciences, in classics, and languages, in literature, mathematics and kindred subjects which will perhaps give him a greater appreciation of the duties and responsibilities of citizenship and a better capacity for the enjoyment of life.

In contrast, technical education

is a matter of economics rather than of scholarship. It is a matter which will yield a monetary return rather than a return in culture and refinement.¹⁰¹

Guthrie went on to list the kinds of academic subjects not offered in ordinary institutions which would characterize the proposed technical schools; amongst these were physics and chemistry.¹⁰² In short, proponents of federal grants for technical

¹⁰⁰L.W. Downey, Alternative Policies and Strategies in the Financing of Post-Secondary Education (Edmonton: The Human Resources Research Council of Alberta, 1971), p. 18.

¹⁰¹House of Commons, Debates; 7-8 Edward VII, 1907-8 Vol. II (Ottawa: King's Printer, 1907-1908), p. 2859.

¹⁰²Ibid., p. 2860.

institutions contended that such schools did not fall directly under the provincial education jurisdiction but were at least partly federal responsibility because of their intimate association with the national economy. The implications of all this for university education are taken up in later chapters; suffice it, to note that Guthrie's commission (the Robertson Commission) recommended in 1910 a massive federal presence in technical education.¹⁰³

When the Technical Education Act finally came into existence in 1919, Prime Minister Borden did not stress Guthrie's distinctions but claimed in a practical approach that this training was needed and that the provinces were not supplying it. Borden's government further asserted Parliament's right to appropriate money for any purpose whatever, in its absolute discretion.¹⁰⁴ Mackenzie King, one of Borden's Liberal successors as Prime Minister, took the same position in respect to Parliament's spending power. In blithe disregard for Canada's federal system, King asserted that the British tradition of full supremacy of Parliament applied with equal force in Canada, making Parliament the sole judge of how the funds which it appropriates are spent.¹⁰⁵

¹⁰³Stamp, *op.cit.*, p. 454.

¹⁰⁴Lionel Orlikow, Dominion-Provincial Partnerships in Canadian Education 1960-67 (Unpublished Ph.D. thesis, University of Chicago, 1969), pp. 51-52.

¹⁰⁵House of Commons, Debates, 22-23 George V, 1932, Vol. II (Ottawa: King's Printer, 1932), pp. 1618-1619.

Thus, from the federal perspective conditional grants were seen as fully appropriate. The number and cost of such schemes increased greatly between the 1910's and 1940's. In general, these programmes were instituted where there was public pressure for more services but provincial unwillingness or inability to finance such services.¹⁰⁶

In spite of increased provincial assertiveness in the period between the world wars, all provinces, Quebec included, accepted whatever financial assistance they were offered, under whatever conditions were required of them. The principle of Ottawa's strict noninterference in provincial affairs was generally thought by the provinces to be maintained acceptably well, as long as the grants did not undermine provincial priorities. An example of provincial attitudes in the needy 1930's comes from Maxwell Cameron's 1935 thesis (on financing Ontario education), where it is conceded that Dominion grants "had an unfortunate history of bargaining, political expediency, and perhaps the stimulation of extravagance;" but the grants were nonetheless necessary and appropriate.¹⁰⁷ Besides, as in the technical education case, Ottawa could and did present constitutional rationalizations for each foray into a provincial field, so that

¹⁰⁶Edwin R. Black and Alan C. Cairns, "A Different Perspective on Canadian Federalism" in J. Peter Meekison, editor, Canadian Federalism: Myth or Reality Second Edition (Toronto: Methuen, 1971), p. 87.

¹⁰⁷Maxwell A. Cameron, The Financing of Education in Ontario (Unpublished Ph.D. thesis, University of Toronto, 1935), pp. 8-9.

there often appeared to be no "clear demarcation" between federal and provincial jurisdictions.¹⁰⁸ Perhaps most significant in the provincial willingness to accept these grants was the fact that the provinces required the money and were uncertain of how they might otherwise obtain it.

The first major proposal for an abandonment of reliance upon conditional grants came from a Royal Commission. The Royal Commission on Dominion-Provincial Relations, now known as the Rowell-Sirois Commission, was appointed in 1937 by Prime Minister King. The plight of the provinces became urgent in the Depression, when many were unable to carry out their responsibilities even with federal grants. The Report of the Commission recommended that Ottawa assume jurisdiction over unemployment insurance and old age pensions from the provinces and monopolize access to personal and corporate income taxes. In return, the federal government would provide the poorer than average provinces with unconditional National Adjustment Grants based on need "to enable each province to provide adequate social, educational, and developmental services without resort to heavier taxation than the Canadian average."¹⁰⁹ There were two main objectives to this proposal. The poorer provinces finally would be capable of

¹⁰⁸ Thomas H. McLeod, "Federal-Provincial Relations, 1958," Canadian Public Administration (Vol. I, No. 3, September 1958); pp. 6-7.

¹⁰⁹ Royal Commission on Dominion-Provincial Relations, Report of the Royal Commission on Dominion-Provincial Relations (Ottawa: King's Printer, 1941) Book II, 126.

supplying provincial services at a level near the national average without imposing oppressive taxation on their residents, and provinces would be freed from conditional grants and be autonomous in their remaining fields of jurisdiction. The Commission was particularly concerned that provincial autonomy in education be protected: "A free hand in something as important [as education] to the social and cultural life of the people seems to us to be vital to any provincial autonomy worthy of the name."¹¹⁰ The Rowell-Sirois Commission represented perhaps the first official (or semi-official) acknowledgement that the well-laid plans of the Fathers of Confederation have borne fruit, namely, that as a consequence of federal economic development policies certain provinces possessed much more advanced economies and were in general economic terms much better off than the others. In a sense, the Commission's recommendations represented the first effort to redress this imbalance and "equalize" to some extent the financial status of the provinces. But at a Dominion-provincial conference called in 1941 to consider the Commission's report, the "have" provinces, led by Ontario, rejected even a discussion of its proposals.¹¹¹ It is apparent that many Canadians were not yet prepared to undertake the sacrifices necessary for what has come to be called equalization.

¹¹⁰Ibid., p. 50.

¹¹¹Lower, op.cit., p. 528.

The strain in federal-provincial relations in the interwar period was reflected in the appearance of new, protest-oriented political parties. By 1921, agrarian opposition to the perpetuation of high tariffs had intensified, at least in the Prairie provinces and western Ontario. The Conservative party of the period was committed to protection, in the spirit of Macdonald. The Liberals were elusive on the tariff and were still identified in too many minds with opposition to conscription in 1917. The National Progressive party, Canada's first major third party, was the result of this situation. The Progressives stood for free trade above all; they did not advocate socialistic economic measures.¹¹² Their large vote and sizeable House of Commons representation in 1921, the latter coming exclusively from the Prairies and rural Ontario, conclusively demonstrated the depth of agrarian discontent with the policies of both major parties. Provincial elections began to return agrarian third-party governments, led by Alberta's United Farmers movement in 1921. The Liberals eventually absorbed most of the Progressives in 1926, but rural discontent continued. In 1933, the avowedly socialist Cooperative Commonwealth Federation appeared, spurred by tariff, Depression, and drought. The CCF founders intended the party (or movement) to become a crusade uniting farmers;

¹¹²Beck, op.cit., pp. 151, 154. The best discussion of the Progressives is W.L. Morton, The Progressive Party of Canada (Toronto: University of Toronto Press, 1960).

workers, and middle class people committed to social democracy, from one end of Canada to the other.¹¹³ Instead, for many years only Prairie farmers, remnants of the Progressive and provincial farmers' parties, supported the CCF in large numbers. In time, the CCF came to form the provincial government of Saskatchewan, and its New Democratic successor has attained office in that province and Manitoba. But in six of the provinces (including all five east of Ontario) the NDP remains only a negligible force. The Social Credit movement took power in Alberta on a protest platform and held office there for over three decades.¹¹⁴ The present government in British Columbia labels itself Social Credit, but the party scarcely exists elsewhere. In Quebec, the conservative and French Canadian nationalist Union Nationale won power in 1936, and held it against the Liberals for most of the subsequent three and one half decades.¹¹⁵ The separatist Parti Quebecois, which proposes to withdraw Quebec from Confederation, now governs the province. The effect of the rise of third parties has been the further

¹¹³For the text of the Regina Manifesto, which outlined the CCF programme before the mid-1950's, see R.C. Brown and M.E. Prang, editors, Confederation to 1949 (Scarborough: Prentice-Hall of Canada, Ltd., 1966), pp. 251-266.

¹¹⁴On Alberta Social Credit, see C.B. Macpherson, Democracy in Alberta (Toronto: University of Toronto Press, 1962); and J.R. Mallory, Social Credit and the Federal Power in Canada (Toronto: University of Toronto Press, 1954).

¹¹⁵On the Union Nationale, see Herbert Quinn, The Union Nationale: A Study in Quebec Nationalism (Toronto: University of Toronto Press, 1963).

distribution of allegiance to political parties along provincial and regional lines, with Quebec today divided between Liberals and separatists, the West anti-Liberal and sympathetic to third-party protest movements, and the rest of the country largely a Liberal-Conservative battleground. In this sense, what Riel and conscription did to the Conservatives in Quebec, national economic development policies have done to both of the major parties in the West.

By the 1930's, the Canadian federation seemed to be evolving from a system of "dual federalism" to "cooperative federalism." Dual or "classical" federalism describes the traditional conception of the two levels of government operating autonomously in their own fields of jurisdiction. Dual federalism makes little sense in practice in a federation like Canada, where there is both a gaping discrepancy between the jurisdictional responsibilities and taxing capacity of the provinces, and an increasing overlapping of the two sets of jurisdictions. Both these circumstances, and a desire by the federal government to direct provincial activities toward programmes which Ottawa supports, have induced the latter to offer conditional grants to the provinces.¹¹⁶ The enhanced number and monetary value of these grants over the years resulted in what many called cooperative federalism, where,

¹¹⁶On conditional grants generally, see W.R. Lederman, "Some Forms and Limitations of Co-operative Federalism," Canadian Bar Review (Vol. XLV, No. 3, September 1967); and Donald V. Smiley, Conditional Grants and Canadian Federalism (Toronto: Canadian Tax Foundation, 1963).

in effect, both central and provincial governments cooperated in financing and setting guidelines for activities under provincial jurisdiction. Cooperative federalism seems not to have extended to fields of federal power.¹¹⁷ Despite the apparently one-sided nature of cooperative federalism, and the diminution of provincial (but never federal) autonomy which it entailed, provincial resistance to federal grants was minimal until the 1950's. Even Quebec's drive for autonomy stalled after Mercier. This era featured seemingly endless Liberal majority governments in Ottawa, and the renewed centralization of the Canadian federation which was ushered in by the Depression, strengthened immeasurably by World War II, and perpetuated for a time in the postwar period.¹¹⁸ Thus, a unique set of external political

¹¹⁷Although executive federalism is sometimes called administrative federalism (see note 142 below), the latter term is often applied to a system where policy decisions are made at the centre and the regional units are assigned the responsibility of administration.

¹¹⁸Howard Fluxgold's argument is representative: "The Liberals under Mackenzie King and Louis St. Laurent ruled the country from 1935 to 1957 with little effective opposition." Howard Fluxgold, Federal Financial Support for Secondary Education and its Effect on Ontario (Toronto: Ontario Teachers' Federation, 1972), p. 63. Smiley and Burns account for the popularity of the grants in the provinces by calling them a form of "insurance" in fields where provincial expenditures were increasing rapidly. Donald V. Smiley and Ronald M. Burns, "Canadian Federalism and the Spending Power: Is Constitutional Restriction Necessary?", Canadian Tax Journal (Vol. XVII, No. 6, November-December 1969), p. 475.

and economic forces beyond Canada's control facilitated a period of some two decades when federal government influence over provincial policy was at its highest level in all of Canada's history.

In summary of the period between Confederation and the conclusion of the Second World War, the Canadian federation managed to perpetuate itself despite numerous crises which divided Canadians along territorial lines. There was little national feeling at Confederation, particularly outside Ontario; Empire allegiance maintained strength in English Canada; and there were few opportunities for distinctively Canadian loyalties to develop. The divisions within Canada generally pitted French against English or rural against urban interests. As it happens, the internal boundaries of the Canadian federation have always been so arranged that in these controversies majorities in one or more provinces have been aligned against majorities in others. "National" questions inevitably placed Québec in opposition to the rest of the country. This permits resentments not only to build in those provinces where majorities have considered themselves disadvantaged by Confederation, but in addition these feelings have manifested themselves in provincial political trends, such as third-party governments. Moreover, because of the nature of the Canadian political economy instituted at and soon after Confederation and the constitutionally entrenched lack of influence of most provinces in Ottawa at crucial times, all provinces (but in particular those outside Central Canada) have shared

in this resentment to one degree or another. The institutional system has repeatedly proved incapable of performing its intended function of accommodating provincial and regional interests within the federal government. For a variety of reasons, federal jurisdictional power has weakened considerably from its near-omnipotence in the Confederation agreement, but early in the twentieth century provincial fiscal incapacity facilitated increased federal influence over provincial policies in the form of conditional grants. In the field of education, the first Canadian appreciation of the relationship between technical training and the national economy spurred the beginning of federal conditional grants early in this century. Because the provinces needed the money, could offer no alternative, and did not perceive any objectionable interference in the grants which they were being offered, conditional grants were accepted without strong objection from their introduction well beyond World War II.

D. Federal-Provincial Relations Since 1945

Relations between the two levels of government in the postwar years have passed through two distinct periods. The first period was characterized by conditional grants and centralization in the wake of the Depression and Second World War. The second period witnessed a shift from this "cooperative" federal conduct to a far more decentralized executive federalism, in which the continuity and intensity of federal-provincial relations have increased greatly.

Prime Minister Mackenzie King unveiled a new set of propositions for the relative status of federal and provincial governments in the postwar period at the Reconstruction Conference of 1945. During the war the central government had unilaterally implemented the Rowell-Sirois Commission's recommendation that it assume the income tax field and make compensating payments to the provinces. In brief, King proposed at the Reconstruction Conference that cooperative federalism be carried to new levels in provincial fields, and that Ottawa retain income tax monopoly ("renting" provincial income, corporation, and succession taxes in return for large per capita subsidies to all provinces). The federal government also would institute and fund an old age pension plan and assist the provinces to carry out a medical care scheme.¹¹⁹ Although Ontario and Quebec refused to endorse these paternalistic proposals, many of them were unilaterally put into effect by Ottawa over the following decade. It seems that the Canadian public's mood in the immediate postwar years was influenced by an afterglow following in the wake of the successful and highly centralized war effort. Moreover, there was strong feeling in this period that government services should be greatly increased in both quality and quantity, and that

¹¹⁹ Donald V. Smiley, Canada in Question: Federalism in the Seventies (Toronto: McGraw-Hill Ryerson Limited, 1972), p. 110. The federal proposals (called the "Green Book") are contained in Dominion-Provincial Conference (1945), Dominion and Provincial Submissions and Plenary Conference Discussions (Ottawa: King's Printer, 1946).

quibbles over jurisdiction should not be permitted to impede the early realization of the "good things in life" for Canadians.¹²⁰

In one provincial jurisdiction, however, pleas for federal involvement went unanswered. Respect for provincial sensibilities in primary and secondary education was maintained despite efforts from various quarters to bring Ottawa into the field. In particular, the socialistic and somewhat centralist CCF pressed in 1949 for federal guarantees of equalized educational opportunities in all regions of Canada in the face of wide divergence in the sums of money available (or spent) for education and teachers' salaries in the various provinces.¹²¹ To the surprise of no one, the Canadian Teachers Federation joined in this request.¹²² It was also asserted by a CCF member of the House of Commons that "it is high time that we had in Canada a federal education office that would do for Canadian education what the federal office in Washington does for education in [the United States]."¹²³ Exactly what the Washington office accomplished was not explained, but in later remarks the member seemed to be proposing a Canadian agency to coordinate educational research.¹²⁴

¹²⁰Black and Cairns, op.cit., p. 85.

¹²¹House of Commons, Debates, 13 George VI, 1949, Volume I (Second Session), (Ottawa: King's Printer, 1949), pp. 932-934.

¹²²Ibid., p. 934.

¹²³Ibid., p. 1426.

¹²⁴Ibid., p. 1426.

Suggestions such as these were not wholly confined to representatives of third parties. The Leader of the Opposition at the time (George Drew) appeared to favour the equalization proposal, and he called for a federal-provincial conference to "consider the whole relationship between dominion and provincial governments to fully consider the financial needs of each province."¹²⁵ Another Conservative, speaking in a 1958 Commons debate, suggested a federal education committee to serve as an information and research centre, to investigate education in each province.¹²⁶ Even in this period of John Diefenbaker's Conservative government, however, such proposals were never acted upon by Cabinet.

Federal reluctance in education did not extend either to universities or to technical-vocational training. Universities will be considered in subsequent chapters. Vocational training for what was expected to be a postwar employment boom was largely underwritten by federal conditional grants (as an extension of the 1919 Technical Education Act). The provinces were consulted to their own satisfaction. Lionel Orlikow claims that in the period before 1960 there was an "identity of interest" between the two levels, there was little federal supervision of provincial expenditures of the funds, and that "consensus was encouraged through joint participation in setting the terms

¹²⁵ Ibid., pp. 942-946.

¹²⁶ House of Commons, Debates, 7 Elizabeth II, 1958, Volume I (Ottawa: Queen's Printer, 1958), p. 374.

of reference."¹²⁷ A nettlesome unemployment problem and the inability or refusal of the provinces to provide what Ottawa considered sufficient vocational facilities spurred the federal government to introduce, unilaterally, the Technical-Vocational Training Act (TVTA) in 1960.¹²⁸ Under this scheme, Ottawa offered to pay 75 per cent of capital costs, that is, construction, purchase, addition, or alteration of plant of vocational schools, in the hope that this would effect an immediate doubling of training facilities.¹²⁹ The provinces were required to bear the burden of greatly increased operating expenses. All ten provinces accepted TVTA (Quebec only after some hesitation). According to Orlikow, there was little federal interference in provincial priorities. However, Orlikow does concede that TVTA's continuous round of meetings between federal and provincial officials helped to standardize national course patterns and requirements for graduates of these institutions, ostensibly with the objective of facilitating interprovincial mobility.¹³⁰ David Cameron disagrees with Orlikow on provincial priorities, and claims that TVTA's acceleration of the development of vocational facilities and courses constituted just such a distortion.¹³¹

¹²⁷Orlikow, op.cit., pp. 85-88.

¹²⁸Ibid., p. 93.

¹²⁹Ibid., pp. 93-94.

¹³⁰Ibid., p. 156.

¹³¹David M. Cameron, The Politics of Education in Ontario, with Special Reference to the Financial Structure (Unpublished Ph.D. thesis, University of Toronto, 1969), pp. 361-365.

The federal government unilaterally abandoned TVTA in 1966, for a variety of reasons. Amongst them were Quebec's growing restiveness (and not only in technical education by any means), the great increase in federal expenditures under the programme, and the relative inability of poorer provinces to finance their share of the expenses.¹³² Without prior consultation, Ottawa replaced TVTA with the Adult Occupational Training Act (AOTA), under which the federal government has undertaken to train out-of-school adults for their place in the work force. The constitutional justification for adult vocational training as clearly more an economic than an educational activity seems acceptable to the provinces, including Quebec.

Nevertheless, the federal government's preeminent status was gradually eroded by the provinces and by its own inadequacies, beginning in the 1950's and intensifying in the decade which followed. Perhaps it was in the middle 1950's that federal power reached its apogee, at a time when Louis St. Laurent, possibly the most popular of all Canadian Prime Ministers, held office. A statistical comparison illustrates the change in federal-provincial status between the 1950's and 1960's. Federal expenditures on goods and services in 1955 reached 8.5 per cent of Gross National Product, and federal taxes made up 74.3 per cent of the

¹³² Barry Lucas, Federal Relations to Education in Canada, 1970: An Investigation of Programs, Policies, and Directions (Unpublished Ph.D. thesis, University of Michigan), p. 51; Orlikow, op.cit., p. 191.

national total. By 1965 these two percentages had shrunk to 5.1 and 60.9 respectively, while the provincial shares of both measurements had risen accordingly.¹³³ The decline of relative federal government strength in the federal system was probably caused by four concurrent and interrelated factors above all others: the unprecedented importance (unforeseen at Confederation) of provincial fields of jurisdiction, in respect to both social services and natural resources; the greatly increased assertion by the provinces, particularly Québec, of autonomy in these fields; the provinces' improved capacity to carry out their responsibilities; and an inability of the central government to articulate persuasive arguments for a high degree of centralization in Canada.

Provincial governments began to chafe under the new federal fiscal regime in the 1950's. In particular, the most assertive amongst them came to demand a greater ability to determine their own share of the levels of income and corporate taxes of their residents. They began to attack conditional grants as a distortion of provincial priorities. Ontario initiated her opposition to conditional grants as disruptive of provincial budgets around 1955. Later, Premier Leslie Frost, at the 1960 Federal-Provincial Conference, accused conditional grants of whetting provincial appetites for federal funds without providing any right of the

¹³³Smiley, Canada in Question: Federalism in the Seventies, op.cit., p. 112.

provinces to negotiate their terms.¹³⁴ What Ontario, Quebec, and higher income provinces in general desired was more personal and corporate income tax "room" (that is, a larger share of the tax take), so that they could finance their own activities as they saw fit. Pressure was placed upon Ottawa to replace conditional grants with unconditional transfers of income tax revenues (through tax points, or percentage points of the total tax take) and cash to the provinces.

The federal government's attempt to refute provincial assertions of autonomy have been unpersuasive and ineffectual. Prime Minister Pierre Trudeau's defence of federal conditional grants for "shared-cost" programmes, and federal retention of the "spending power" (tax points), has been perhaps the strongest presentation of Ottawa's position to date. Trudeau candidly admits that conditional grants distort provincial priorities, but he claims that this distortion is necessary "to achieve a country-wide priority for certain programmes, and that in the absence of some such vehicle [as shared-cost programmes] common priorities across Canada would be highly unlikely."¹³⁵ (In contrast, before his entry into politics, Trudeau had opposed conditional grants, including those for universities, as an erosion of the "power of the purse" and provincial jurisdictional

¹³⁴ Ontario Advisory Committee on Confederation, Background Papers and Reports (Toronto: The Queen's Printer of Ontario, 1967), pp. 8-9.

¹³⁵ Pierre Elliott Trudeau, Federal-Provincial Grants and the Spending Power of Parliament (Government of Canada Working Papers on the Constitution) (Ottawa: Queen's Printer, 1969), p. 16.

responsibilities in Canadian democracy.¹³⁶⁾ The problem for all federal leaders of the past two decades of provincial aggressiveness is that they have been unable to articulate these "common priorities" that require vigorous leadership from the central government.¹³⁷ When federal initiatives have been taken in recent years, they have tended to include abrupt assertions of national interest in some field accompanied by imposition of federal programmes. Rarely has this been preceded by consultation with the provinces (to the provinces' satisfaction) or the Canadian people on the appropriateness of such schemes within some definition of national interest or national goals. Mere assertion of national interest does not constitute fulfilment of Blåke's call for the expression of "common aspirations to be shared." Such a federal government practice is not convincing in an environment where weak national loyalties are perpetuated, and Canadians in general and provincial executives in particular have come to evaluate highly the capacity and appropriateness of provincial activity over a wide range of jurisdictions.

¹³⁶ P.E. Trudeau, "The Practice and Theory of Federalism," in Michael Oliver, editor, Social Purpose for Canada (Toronto: University of Toronto Press, 1961), p. 382. On Trudeau's opposition to the federal direct per capita grants to universities on grounds of provincial responsibility for education, see Pierre Elliott Trudeau, "Federal Grants to Universities," in Pierre Elliott Trudeau, Federalism and the French Canadians (Toronto: Macmillan of Canada, 1968), pp. 79-102.

¹³⁷ Black and Cairns, op.cit., p. 90.

Possibly the change of government in Quebec in 1960, with its autonomist "Quiet Revolution" of Liberal Premier Jean Lesage, was the most important single development in the trend toward provincial autonomy. With the slogan of maitres chez nous, Lesage asserted for his government and those which have followed it that "Nous chercherons a obtenir tous les pouvoirs necessaires a notre affirmation economique, sociale, et politique."¹³⁸

Conditional grants came in for strenuous condemnation in Quebec from the 1950's onward.¹³⁹ Although previous Quebec governments had guarded their jurisdictional purity in social fields, including education at all levels, Lesage's affirmation of economic power for the provinces was from Ottawa's point of view an ominous new development.

Both Quebec and Ontario have become particularly concerned with obtaining more "tax room". This desire was first acknowledged by the federal government in 1957, when ten points (ten per cent) of personal income tax revenues were abated to the provinces. Under mounting provincial pressure, this amount was augmented gradually, until in 1967 it reached twenty-eight per cent. (There were 1972 changes which partially detached the two tax.

¹³⁸Jean-Charles Bonenfant, "Le Quebec et la Confederation," in Mason Wade, editor, Regionalism in the Canadian Community 1867-1967 (Toronto: University of Toronto Press, 1969), p. 39.

¹³⁹The Tremblay Commission commenced Quebec's concerted attack on conditional grants. See the Report of the Royal Commission of Inquiry on Constitutional Problems (Quebec: Queen's Printer, 1956), Volume II, 212-213. Also see Lederman, op.cit., pp. 431-432.

rates from each other.) In the 1960's, the federal government introduced "shared cost" schemes to replace conditional grants. These programmes are jointly funded by Ottawa and each province. However, they are administered by the provinces relatively free of federal standards, and without federal government control over expenditures, even its own. These shared cost agreements have nonetheless been popular in Ottawa, because to some degree they have offset provincial requests for transfer of additional tax points.¹⁴⁰ With Quebec's persuasive demands of recent years, and the federal government's ability to refute these arguments attenuated, all provinces have been offered the opportunity to "opt out" of shared-cost programmes. Quebec has been the only province to take advantage of opting out to date.¹⁴¹ Once again, as at Confederation, all provinces have been granted essentially the same concessions as those desired most strongly by Quebec.

All these changes which seem to signal the discontinuance of central power-oriented cooperative federalism have taken place in a new federal-provincial relationship which has been called "executive" or "administrative" federalism.¹⁴² This new procedure

¹⁴⁰Smiley, Canada in Question: Federalism in the Seventies, op.cit., Chapter 5.

¹⁴¹Dawson, op.cit., pp. 115-119.

¹⁴²Edwin Black uses the term "administrative federalism," Donald Smiley the term "executive federalism," for this phenomenon. Edward R. Black, Divided Loyalties (Montreal: McGill-Queen's University Press, 1975), p. 17; Smiley, Canada in Question: Federalism in the Seventies, op.cit., pp. 66-72.

of conducting federal-provincial relations is not new at all in the sense that often one-sided consultations between officials of the provinces and central government have taken place since the time of Confederation.¹⁴³ But only since perhaps the early 1960's have conferences involving negotiation between federal and provincial executives (both cabinet and civil service) proven decisive in shaping the evolving fiscal and jurisdictional relationships between the two levels of government in Canada. Amongst these negotiations have been discussions considering constitutional revision. Thus far, the Quebec government has effectively blocked specific changes (as in the "Victoria Charter").¹⁴⁴ Daniel Johnson, Lesage's successor, as Quebec Premier, contended that agreements that were reached in the late 1960's "came as a result of intergovernmental discussions which at times had every aspect of open warfare."¹⁴⁵ Richard Simeon has likened such procedures to international negotiation.¹⁴⁶ Johnson termed these discussions the "supreme authority of the country."¹⁴⁷ He went on to note that "both the interpretation

¹⁴³Trudeau, "The Practice and Theory of Federalism," op.cit., pp. 379-381.

¹⁴⁴Smiley, Canada in Question: Federalism in the Seventies, op.cit., Chapter 2.

¹⁴⁵Daniel Johnson, "What does Quebec Want"-1967," in Meekison, op.cit., p. 427.

¹⁴⁶Richard Simeon, Federal-Provincial Diplomacy: The Making of Recent Policy in Canada (Toronto: University of Toronto Press, 1972).

¹⁴⁷Daniel Johnson, Egalité ou Indépendance (Paris: les Editions J. Didier, 1968), p. 73.

and the resulting practical arrangements usually favour the government sector whose political position is stronger" in the give-and-take of negotiation.¹⁴⁸ This may be interpreted as an acknowledgement of the fact that certain provinces, notably Quebec and Ontario, are in a much stronger position to advance their views and realize their objectives in this atmosphere of bargaining amongst eleven governments than are the other provinces.

Thus, the new fiscal arrangements between central and provincial governments, and the evolution of executive federalism, have been disproportionately advantageous to the strongest provinces. Fortunately for the "have not" provinces, Ottawa and the "have" provinces belatedly recognized the equalization principle introduced in the Rowell-Sirois Report. Since 1957 ever-increasing federal unconditional grants have been issued to provinces in proportion to the extent to which their tax revenue falls short of that of the richest provinces.¹⁴⁹ But equalization has by no means succeeded in raising the economic circumstances in the poorer provinces, particularly those in the Atlantic region, close to the Canadian average. The absence of political and economic strength of these provinces (by virtue of their low populations and meagre representation and influence in

¹⁴⁸ Johnson, "What Does Quebec Want?-1967," op.cit., p. 427. Elsewhere, however, Johnson claimed that in the federal-provincial conference "Quebec has no more rights than Newfoundland." Johnson, Egalite ou Independance, op.cit., p. 73.

¹⁴⁹ Dawson, op.cit., p. 111.

Ottawa) affords them little bargaining power in the conferences which are at the centre of executive federalism. The new fiscal relationships of the past two decades, indeed the very shift from cooperative to executive federalism, have taken place in the absence of great influence by "have not" provinces over these changes. Besides, well into the 1970's, some provinces continue to be heavily dependent upon federal conditional grants.¹⁵⁰

It is true that, in general, the poorer provinces have not expressed the disapproval of conditional grants or fear of federal influence as other provinces have done. (This is in spite of the belief of some economists that conditional grants distort provincial priorities in poorer provinces more than in richer ones.¹⁵¹) In the TVTA agreement, for example, assistance from federal officials in the drawing up of plans for technical training and suggestions of how the training should be conducted were eagerly welcomed by some provinces. Orlikow reports that these provinces "wanted as many external resources--money and people--as possible." In the same programme, the more favoured provinces were more self-sufficient.¹⁵² In short, what has evolved in recent years has been a widening of the difference in the

¹⁵⁰The percentage of provincial net general revenue provided by conditional grants in 1970 varied from 16.6 per cent in Ontario to 43.6 per cent in Prince Edward Island. Smiley, Canada in Question: Federalism in the Seventies, op.cit., p. 123.

¹⁵¹J.C. Strick, "Conditional Grants and Provincial Government Budgeting," Canadian Public Administration (Vol. 14, No. 2, Summer 1971), p. 233.

¹⁵²Orlikow, op.cit., p. 89.

relationships between Ottawa and the "have" provinces on the one hand and Ottawa and the "have nots" on the other. An increasing distance and provincial self-sufficiency in the first instance contrast with a perpetuated close association and dependency in the second.

In summary of the period subsequent to 1945, a shift in the relations between the federal government and the provinces has left the provinces, or at least the stronger ones, in a much better relative position than they had ever previously enjoyed. Because of the change from cooperative to executive federalism, and the comparatively powerful financial status of the wealthier provinces, the relationships between Ottawa and the provinces have become more divergent than ever before. The federal government continues to assert interest in matters at least partly under provincial jurisdiction, including some aspects of education. But it cannot or will not do so as a component of a well developed programme of federal leadership in pursuit of a set of defined national goals. Provincial assertion of autonomy in this setting has greatly assisted the provinces to gain concessions desired by the strongest provinces in the negotiations of executive federalism. In most cases Quebec and Ontario have been the most powerful provinces. The lines of division in Canada at this time seem to be most serious on four closely interrelated questions, all of which divide Canadians along territorial lines. These issues are Quebec's demands for autonomy, controversy over national economic policy, friction

between wealthier and poorer provinces, and conflict between Ottawa and all provinces on fiscal matters.

The full period of Canadian Confederation may also be very briefly summarized in respect to the three stages through which federal-provincial relations have moved. The first, or dual federalism period, endured until the first decades of this century. In this stage, the two levels of the federation operated largely in isolation from one another, at least in comparison with later periods. Provincial activities in an era of few social services provided by government were highly limited and inexpensive. The second stage, the cooperative federalism or conditional grant period, covered the period roughly between the 1920's and 1960's. Provinces unable to generate financial resources necessary to provide services which were both in great demand and increasingly costly accepted conditional grants from Ottawa in ever greater numbers throughout this stage. The third stage, executive federalism, evolved in the 1960's. Since that time many provinces have claimed from Ottawa the substantially augmented fiscal capacity necessary to carry out their still more costly responsibilities in a fully autonomous manner. They have also insisted upon playing a direct role, through formal or informal conferences between federal and provincial officials, in the making of national policy which they consider central to their interests.

Part Two: Toward a Broader Perspective on Canadian Federalism

It is hoped that the discussion of Part One of this chapter contributes a feel for the truly distinctive character of the Canadian federation, in the practical and theoretical concerns which marked its origin, the institutional forms which it has assumed, and its unique evolution through time. The remainder of this chapter constitutes a discussion in which an attempt is made to place the present environment of Canada's federal system within a context of prevailing conditions which may be encountered in the operation of any federation. The objective of this general and largely impressionistic exercise is a new perspective on the relative status of Canada's central and provincial governments at this time, and on the appropriateness of executive federalism in the present environment. It is also hoped that the new vocabulary and perspective will assist in the analysis of the federal government-Ontario relationships discussed in later chapters.

The nature of this discussion requires that three new terms be introduced to serve as analytical tools, to facilitate the study and classification of ongoing federations. The first such term is "federal setting." The federal setting constitutes the totality of the environment within a federal system which affects the relationships amongst central and regional governments at a given time. The institutional system is included, with its specified division of powers; but at least equally important in the federal setting are the heritage of relations between the two

levels, and their mutual estimations of their actual and desired relative power and status within the federation. The federal setting may range on one dimension from peaceful to conflictful, and on another from fragmented to centralized. A federation may be centralized or fragmented in popular loyalties, constitutional distribution of jurisdictional power, and actual exercise of political power by central and regional governments. If the central and regional governments agree on their desired relative powers (irrespective of formal constitutional assignment of jurisdictions), the federal setting should be peaceful. If they disagree, the extent of their disagreement reflects the setting's level of conflict. Generally speaking, a centralized federal setting will be conflictful if the regional units resist centralization of political power. A fragmented setting will be conflictful if the units differ on matters of common concern or if the central authority resists power fragmentation. We should not assume a "normal" or universally desirable level of centralization or peacefulness in federations. Inevitably, the federal setting of one federation varies from that of another in the same time period, and it also varies from one period to another in the same federal system.

The historical survey of this chapter makes clear that such an evolution of the federal setting over time has characterized the Canadian federation. At the time of Confederation, the setting was highly centralized in one sense: the Fathers of Confederation, drawing upon the British constitutional heritage which they revered, endeavoured to found a federal

system where the central authorities would monopolize jurisdictional power outside the "cultural" areas insisted upon by Quebec. It is now clear that the Fathers of Confederation engaged in wishful thinking. Most British North Americans at the time did not feel any loyalty or obligation to "Canada" which transcended their local allegiances. John A. Macdonald and others hoped that an institutionally centralized regime would in time induce the Canadian people to transfer a large share of their loyalty to the country as a whole. But loyalties have remained fragmented for the many reasons discussed above in Part One. Moreover, in recent years, a significant new element has been added. The self-estimation of some provincial governments has shifted decisively in an autonomist direction. That is, they have become dissatisfied with what they consider to be Ottawa's attempt to monopolize actual political power. The upshot is that Canada's federal setting is conflictful and fragmented at the present time. There are differences between federal and provincial leaders over the proper nature of their relationship and respective powers (especially in fiscal and jurisdictional respects), a perpetuated weak national allegiance amongst the Canadian people, and a growing provincial government share of actual political power.

Institutional factors have been at work in recent years to influence and keep fragmented Canada's federal setting; improved provincial resources have strengthened the provinces' hand in the negotiations of executive federalism. For a number

of reasons, the federal government poorly incorporates the perspectives of the provinces within its institutional structure. The particulars of this situation are well known and exhaustively documented.¹⁵³ Party discipline (which makes it difficult for Members of Parliament to represent their ridings' interests), the impotence of the Senate (which was intended to articulate and represent regional concerns), the electoral system (which minimizes House of Commons representation for parties in sections of the country where they are weak), and the Cabinet's failure to recruit prominent provincial spokesmen, have all been noted as contributing factors in the inability of provinces and regions to attain much influence within the central government. These are all components of the federal setting which have encouraged its continued fragmentation by contributing to the continued fragmentation of popular loyalties.

Also contributors to the federal setting are the resources which provinces have been able to accumulate, particularly since the centralization of the 1950's. Surely the most notable characteristics of these resources are that they have recently improved significantly for some provinces, and they are quite unequally distributed amongst the provinces. The first such resource is the provincial bureaucracy. In the larger provinces, a bureaucracy capable of furnishing provincial executives with

¹⁵³See Chapter I, Section C.

the strategic preparation and the assurance which they require for their dealings with federal officials has emerged since the late 1960's.¹⁵⁴ Some provincial bureaucracies are now also capable of administering a wide range of public services at a level of expertise and efficiency at least equal to that of the federal bureaucracy.¹⁵⁵ The second resource is provincial ownership of natural resources, from the British North America Act's Section 93, which grants "public lands" to the provinces. This affords some of the provinces a useful bargaining tool, particularly when the province is blessed with those energy resources, such as petroleum and natural gas, which have become increasingly important to federal authorities in recent years. A third provincial resource belongs to Quebec alone: the assertion of a distinct and autonomous national culture, language, and tradition which, in a country seventy per cent "English," can be safeguarded only by the provincial government. This resource and helpful bargaining device has been advanced most vigorously since the "Quiet Revolution" of the 1960's.

Reinforcing the new provincial resources and advantages is one of the most telling characteristics of the federal setting in our time, Canada's--or Confederation's, or the British North

¹⁵⁴This important point is discussed with specific reference to federal-Ontario relations in Chapters IV and V.

¹⁵⁵For example, in respect to education, see Lucas, op. cit., p. 200.

America Act's--tentative quality. Recent negotiations to "patriate" constitutional appeals, or to draft an entirely new constitution, plus Quebec's implicit (and now explicit) standing threat to separate, have contributed collectively to a remarkable absence of an impression of constitutional permanence and entrenchment in Canada. Nothing has been settled definitively, nothing is above discussion, nothing can be assumed or taken for granted. In this sense, most federal-provincial negotiation is in effect constitutional discussion with potentially high stakes for all participants. Because even fundamental alteration in relative federal-provincial distribution of actual power and status is always possible, all parties may stand to win or lose a good deal in their negotiations under executive federalism. That is, through the negotiations of executive federalism the federal setting may become increasingly fragmented or centralized in respect to the actual exercise of political power by federal and provincial governments. Canada's unsettled, tentative quality helps to account for the efforts of both federal and provincial governments to maximize their flexibility and resources in the recent operation of federal-provincial relations. But Canada's tentative nature and her federal setting have not directly brought about executive federalism; rather, the relationship has been indirect.

The direct consequence of Canada's federal setting and tentative quality has been that the disputes which have arisen in the country in recent years, when the fragmenting influence

of the federal setting has been maximized, have tended to be "federal disputes." This is the second new term. Federal disputes are those conflicts in a federal system where the contending sides are divided in conformity with the boundaries between regional units or between one or more regional units and the central government. A conflictful federal setting inevitably engenders federal disputes. Some controversies within federal systems, such as labour-government or intraprovincial issues, are not federal disputes. But Canadian history may be fairly characterized as a succession of federal disputes. The Riel, Schools, and Conscription crises; controversies over national economic development policy and the tariff; the disagreements over conditional grants schemes, tax points and jurisdictions; Quebec's demands for autonomy; all these and more have been federal disputes. Canada's federal setting has always encouraged federal disputes, but recently enhanced provincial assertiveness and resources have added a new dimension to these issues.¹⁵⁶ The provinces (or, more accurately, some provinces) are now sufficiently strong and assured to promote their own position in federal disputes, and are too powerful to accept a secondary role in the making of national decisions which affect themselves. The nature and extent of the divisions within the country in

¹⁵⁶ For a discussion of how provincial power can affect the overall federal system, see Donald V. Smiley, "The Two Themes of Canadian Federalism," Canadian Journal of Economics and Political Science (Vol. XXXI, No. 1, February 1965), pp. 80-81.

the past two decades--that is, the federal disputes which the federal setting (incorporating the newly enhanced provincial resources discussed above) has encouraged--have themselves necessitated the negotiations of executive federalism. Just as serious federal disputes follow from the nature of Canada's federal setting, negotiation by federal and provincial governments follows from the present nature of Canada's federal disputes. This account of executive federalism offers social as well as institutional causes for this development. Institutional factors have helped to strengthen the social causes, that is, they have contributed to both the fragmented and conflictful nature of the federal setting. But as the historical survey of this chapter demonstrates, the social circumstances of Canada predate the institutional arrangements of Confederation and appear to have a life of their own independent of all possible manipulations of the institutional system.

Thus, the arrival of executive federalism logically follows from the nature of the Canadian society in our own time, in particular from the kinds and intensity of disagreements which have characterized Canadian history and the determination and ability of the parties to disputes to advance their positions in an authoritative fashion. But the negotiations between the two levels of government by their very nature have an inherent tendency to sharpen the federal disputes and to exacerbate "federal stress," our third new term. Federal stress is nothing more than the tension between governments in a federation, of

the same or different levels, which exists to some extent in all federal systems. In a conflictful federal setting, where federal disputes are unavoidable, a high level of federal stress is equally inevitable. Executive federalism maximizes federal stress in Canada by placing federal and provincial officials in an adversary position in which there is a temptation to assume an inflexible negotiating stance, thereby increasing the potential for conflict in federal-provincial relations.

Moreover, the three provincial resources, and the apparent institutionalization of executive federalism, have presented the provinces with five advantages which they did not possess in earlier periods of intergovernmental relations, and stand to lose should executive federalism be discontinued. The first of these advantages is the utterly independent and separate power base which provincial executives enjoy outside the federal government. The provincial parties to executive federalism, unlike members of Cabinet or the House of Commons, cannot be disciplined for conduct of which the federal Prime Minister or Cabinet disapproves. On the contrary, provincial executives must perform to the liking of provincial electorates. This suggests a second advantage. Provincial executives are directly accountable only to provincial electorates. These executives understandably find it politically expedient to pursue implacably those policies which they expect to be useful in future provincial elections. (One might logically place provincial efforts for federal tax concessions in this category, especially when such concessions

may permit a province to lower, or to avoid raising, rates of provincial taxation.) The weak national allegiance and popular identification with federal policies in conflict with those of the province naturally reinforce provincial executives in this matter. The third advantage of the provincial executives is their "provincialized" status, the fact that their political horizons are (in most cases) confined to the provincial scene. Their federal counterparts, of course, are "federalized." Federal stress is encouraged by sharply diverging orientations of the principals in executive federalism, and the discontinuities in the political worlds in which all eleven sets of executives operate. These discontinuities are heightened by the social, economic, and geographical differences amongst the provinces, and between each province and Canada as a whole. Interprovincial differences are profound, especially in the great imbalance in population, economic wealth, energy resources, and the three newly enhanced provincial resources discussed above.¹⁵⁷ The individuality of each province and distinctiveness of each set of provincial executives afford provincial demands for autonomy great credibility. The fourth advantage to the provinces in executive federalism is that the provincial executives, backed up in most cases with a solid working majority in their respective provincial legislatures, can and do authoritatively represent the provinces and provincial

¹⁵⁷ Wheare believes that this imbalance is inherently threatening to a federal system's stability. Wheare, op.cit., pp. 52-53.

interests. In this capacity they may employ whatever negotiation tools their resources permit, including threats, bribery, blackmail, and revenge, as the situation requires. On the frequent occasions when the federal executives must cope with a minority government, this provincial advantage is maximized.¹⁵⁸ Finally, there is a fifth provincial advantage available only in executive federalism. On some occasions the provinces may (and do) pool their resources to present a common front in negotiations, to promote a single policy or to oppose one of Ottawa's more effectively together than any one of them could do by itself.¹⁵⁹

These advances for the provinces through executive federalism demonstrate that at least some provinces are now in the strongest power position that they have enjoyed since Confederation. The advantages listed above provide a sharp contrast with the period of cooperative federalism, and with the Confederation-era principles of provincial influence through the federal Commons, Cabinet, and Senate. We have already seen that under cooperative federalism the provinces dealt with Ottawa individually and (as Leslie Frost noted) essentially unidirectionally, with federal assistance offered on a "take it or leave it" basis. Provincial officials could not haggle over any but incidental details. Times

¹⁵⁸ Black and Cairns, op.cit., p. 88.

¹⁵⁹ This advantage may be seen in operation in Chapters IV and V.

have changed, however. Now the provinces enjoy a direct role in the making of national policy. Provincial involvement in policy making through the Cabinet and House of Commons, which Donald Smiley and Richard Simeon now prescribe, has probably become impractical under present circumstances. Smiley suggests "regional ministers" in Cabinet and a loosening of party discipline amongst backbenchers for better articulation of provincial and regional interests in Ottawa.¹⁶⁰ Simeon seems to favour the decentralized Congress and party system of the United States as a model for facilitating accommodation between federal and provincial governments.¹⁶¹

The first reason why these changes are not practical is that Canada's parliamentary institutions by their very nature are incapable of representing provincial interests. Members of Cabinet and Parliament in general are all more or less "federalized" in terms of obligations and perspective. Party discipline probably is indispensable in a parliamentary system, particularly in Cabinet. The power base of a Cabinet minister inevitably lies at least to a large extent in his party's caucus, if not in the Cabinet itself. Besides, members of Commons and Cabinet have rarely been in a position to represent the interests of the governments of their respective provinces. They can never do so on the frequent occasions when they are of a party which differs from the

¹⁶⁰ D.V. Smiley, "The Structural Problem of Canadian Federalism," Canadian Public Administration (Vol. 14, No. 3, Autumn 1971), pp. 341-342.

¹⁶¹ Simeon, op.cit., p. 25.

one in office in their province at the time. As an illustration, as this is written in early 1977, the federal Liberal government cannot be expected to accommodate in Cabinet representatives of the party in power from eight of the ten provinces. The second reason for the impracticality of suggestions for adjustments in Canada's institutional system is that at least some provincial executives surely recognize that they are presently, under executive federalism, in a stronger power position than they would enjoy after any such changes. It is inconceivable that provincial Premiers could be persuaded to surrender voluntarily their newly-acquired leverage in favour of an arrangement which would involve filtering their interests through federal officials; they must realize that by so doing they would forfeit the advantages, and fail to exploit fully the resources, which have been discussed above. Under executive federalism, the provinces--the strongest ones at least--have "seen Parée."

Perhaps an appreciation of the usefulness of the concepts of federal setting, federal disputes, and federal stress to an analysis of Canadian politics may be aided through a brief digression in the form of relevant comparisons between Canada and her neighbour and fellow federal state, the United States. The United States, like Canada, experiences deep internal cleavages. But the divisions in the United States in our own time are generally not of a federal nature. The federal setting is centralized and peaceful, as the states seem perfectly willing to accept a

secondary role.¹⁶² There is a high level of national loyalty, the constitution is fully entrenched and above criticism and there is no tentative quality to the regime or to the federal-state division of jurisdictions. The most contentious issues in American society tend to divide black and white, management and labour, rich and poor, cities and states, and (in the American context) left and right (the welfare state versus individualism). Not one of these disputes presently divides Americans along the lines of the federal system. On the contrary, the divisions tend to be functional and between social classes. The political system of the United States operates under a great deal of stress, but it is not federal stress because these are not federal disputes. It seems only natural to most Americans that their divisive conflicts be managed within the federal government.¹⁶³ One reason why that government experiences difficulty handling these problems may be that it (Congress particularly) is designed to represent the contending parties only in federal disputes, not those of a functional nature. In this sense, the institutional system may

¹⁶²The best discussions of the evolution of the United States federal system are in Daniel Elazar, American Federalism: A View from the States (New York: Thomas Y. Crowell Company, 1966); and Morton Grodzins, The American System (Chicago: Rand McNally and Company, 1966).

¹⁶³A recent article in Harper's magazine illustrates this point. Peter Schrag calls for a "new establishment" to pull the country out of its present malaise, while ignoring the states completely. Peter Schrag, "America Needs an Establishment," Harper's (Vol. 251, No. 1508, December 1975).

no longer fit the society; the former has stayed the same while the latter has changed significantly.¹⁶⁴

Thus, the federal setting of the United States may no longer require an institutional system intended essentially to harmonize federal disputes. In Canada the situation is in a sense quite the opposite. Here, the full federal setting has engendered federal disputes which are perhaps too serious for any institutional system to harmonize. We may recall that Simeon believes that the United States' decentralized federal system is institutionally superior to Canada's. However, it should be noted that on the one occasion when American institutions for federal-state accommodation were tested by a grave federal dispute, these institutions proved unequal to the task and civil war resulted. Canada's federal disputes may have reached the point where only direct federal-provincial negotiation can be expected to produce the agreements necessary to Canada's survival as a federal state.

Although executive federalism may be inevitable in the present federal setting, its equally unavoidable generation of federal stress maintains a high level of tension in the federal system. Executive federalism tends by its very nature to intensify federal disputes, heighten Canada's tentative quality, and thus

¹⁶⁴ Americans might be reminded that W.S. Livingston has noted that "federalism becomes nothing if it is held to embrace diversities that are not territorially grouped." W.S. Livingston, Federalism and Constitutional Change (Oxford: Clarendon Press, 1956), p. 3.

ultimately further fragment the federal setting. Canada's federal setting seems to be self-perpetuating and possibly even self-intensifying. This characteristic of the federal setting results from its sharpening of federal disputes; which in turn necessitates federal-provincial negotiations; which in turn increase federal stress; which in turn, coming full circle, causes the federal setting to remain highly fragmented and conflictful. Executive federalism is no better than a necessary evil for those Canadians who prize good manners, a peaceful federal setting, constitutional entrenchment, coordination of policy, and long-term agreements between Ottawa and the provinces. But if this analysis of the federal setting, federal disputes, and federal stress is accepted in respect to both the interrelationships amongst these three phenomena and their applicability to contemporary Canadian politics, no practicable alternatives to executive federalism may presently be available. The Canadian institutional system, in respect to both its highly centralized character and to its provisions for honouring provincial and regional interests in the making of national policy, has never really fitted Canada's federal setting of fragmented loyalties. Today, with a federal setting which includes newly powerful and autonomy-minded provinces, and the nature of the federal disputes which this environment generates, constitutional reshuffling to permit the provinces greater influence within the federal government cannot placate demands of provincial executives for their own personal involvement in national policy making. We are left with the challenge to

acknowledge the circumstances which prevail in Canada at this time and realistically to make the most of them. This necessitates that executive federalism be understood as fully as possible. It must also be made to work as well as possible in the present federal setting, to minimize the intensity and divisiveness of federal stress and federal disputes. Nothing less than the survival of the Canadian federal system may ultimately be at stake.

CHAPTER III

CANADIAN UNIVERSITIES AND GOVERNMENTS

The keynote of [a provincial university] must be utility. The State is interested in the University because it can serve the State.¹

Introduction

- If we are to understand the character of the Canadian federation in operation, we must examine the diverse sets of relationships between the federal government and the provinces. One jurisdiction in which these relationships have developed over time is university education. In this chapter we trace the evolution of the relationship between universities and governments at both levels, from British North America's origins to 1970. This discussion provides the background necessary for the subsequent consideration of relations between the federal government and Ontario in this jurisdiction.

It was not so long ago that most of the universities in Canada went about their business with little cause to concern themselves with either federal or provincial government policy. Although their status may not have been quite that of the

¹Walter Murray, President of the University of Saskatchewan, 1914. Quoted in Robert M. Stamp, "Evolving Patterns of Education: English-Canada from the 1870's to 1914," in J. Donald Wilson, Robert M. Stamp, and Louis-Philippe Audet, editors, Canadian Education: A History (Scarborough, Ontario: Prentice-Hall of Canada Ltd., 1970), p. 332.

stereotyped "ivory tower," these institutions conducted no relations with any level of government on a regular basis. Nonetheless, governments at the provincial level did play a major role in the evolution of Canadian universities prior to 1945. The relations between universities and governments in the period from the founding of the first post-secondary institutions in Canada to the end of World War II are chronologically traced in Part One of this chapter. Ontario is given closest attention. We seek an appreciation of the environment in which postwar evolution of universities and relations involving universities and governments took place, particularly in regard to pre-1945 precedents for subsequent developments.

Part Two of this chapter is concerned with those dealings between governments and universities between 1945 and 1970 which were not a clear accessory to relations between federal and provincial governments. Attention is focussed almost exclusively on the federal government, the government of Ontario, and Ontario universities in this discussion. It will become evident in Part Two that the environment in which federal government-Ontario relations took place in the quarter century following the Second World War was one of the progressive provincialization and major expansion of the Ontario university system. An appreciation of how and why these developments occurred, and how the federal government endeavoured to adjust its relationship with universities to changing conditions is attempted. At a time when the federal setting was becoming increasingly

conflictful, and federal disputes were arising in the university jurisdiction, both provincial and federal government policies and government relationships with universities were subject to reevaluation and modification.

Part One: Canadian Universities and Governments to 1945

A. The Origin and Original Character of Canadian Universities

University development in the British section of North America following the American Revolution began late, proceeded slowly, and, in Upper Canada (Ontario) and the Maritimes, evolved conflictfully. The first indication of the higher education facilities to come was in 1797, when Governor John Graves Simcoe of Upper Canada proposed a publicly supported provincial university for the province. Simcoe may have been responding to the feeling of the then numerically dominant Loyalist population of Upper Canada that educational facilities within British North America should resemble those in the rebellious colonies from which the Loyalists had recently been driven.² But Simcoe's interpretation of a proper university education probably did not conform to what most of the Loyalists had in mind. Simcoe was a High Tory Englishman who

²J. Donald Wilson, "Education in Upper Canada: Sixty Years of Change," in Wilson *et al.*, *op.cit.* Wilson presents the argument that the Loyalists were egalitarian Americans and Simcoe an upper class Englishman, and that tensions between the two were inevitable. *Ibid.*, pp. 191-192.

made few concessions to the social environment of North America. He desired an institution which would impart a "liberal" education to "the Children of the Principal People of this Country." This was a clear reference to the Anglican elite. As to the others, even in respect to primary schooling, "such education as may be necessary for the people in the lower degrees of life ... may at present be provided for them by their connections and relations."³ Simcoe's stated objective in founding a university was that the impressionable young men of the province be kept close to home, away from the "pernicious influences" of democracy and republicanism to which they would be exposed were they compelled to attend university in the United States.⁴

Despite these arguments, Simcoe did not get his university. Secretary of State Lord Dundas denied Simcoe's request with the opinion that no formal schooling beyond the elementary level was necessary in Upper Canada at the time.⁵ (As it turned out, a compromise agreement setting up grammar [high] schools was reached.) There was to be no university for Upper Canada for a full half century following Simcoe's official introduction of the idea. What public education was provided, however,

³Ibid., p. 193.

⁴J. Donald Wilson, "The Ryerson Years in Canada West," in Wilson et al., op.cit., p. 226.

⁵Wilson, "Education in Upper Canada: Sixty Years of Change," op.cit., p. 194.

fully conformed with Simcoe's thinking. As late as 1830, William Lyon Mackenzie could charge that the educational facilities existing at the time were expressly designed to train the children of the non-elite of Upper Canada to "habits of servility and tolerance of arbitrary power."⁶

Outside Upper Canada, progress toward development of university facilities was no more rapid than it was within that province. In Lower Canada (Quebec), Montreal's McGill College was founded as a nondenominational school in 1821, but it was exclusively a medical school until its first arts students were admitted in 1843. From its beginnings McGill's financing was guaranteed by a few wealthy Quebec entrepreneurs. The school was so well supported by private donations in comparison to all other colleges in British North America that McGill required little if any public assistance in the nineteenth century.⁷ French Canada's Laval University was founded at Quebec in 1852, but many courses then associated with higher education outside Lower Canada had been provided for some time in the Quebec colleges classiques system.⁸ Religious conflict

⁶From a pamphlet entitled Catechism of Education. Quoted in Charles E. Phillips, The Development of Education in Canada (Toronto: W.J. Gage and Company Limited, 1957), p. 395.

⁷Robert H. Stamp, "Evolving Patterns of Education: English-Canada from the 1870's to 1914," in Wilson et al., op.cit., pp. 331-332.

⁸Louis-Philippe Audet, "Attempts to Develop a School System for Lower Canada 1760-1840," in Wilson et al., op.cit., p. 163; Louis-Philippe Audet "Education in Canada East and Quebec: 1840-1875," in Wilson et al., op.cit., pp. 181-182.

was the most characteristic feature of the development of higher education in the Maritime provinces. In that region, the first college not exclusively a seminary was King's College, an Anglican institution in Windsor, Nova Scotia, which received its Royal Charter in 1802.⁹ King's was followed by the College of New Brunswick (which became King's College after 1830, and the University of New Brunswick after 1859), which issued its first Bachelor's degree in Fredericton in 1828.¹⁰ Each of these schools received heavy financial assistance for both capital costs and operating expenses from both their provincial governments and the British government.¹¹ Dalhousie College was founded in Halifax in 1818 as an alternative to King's for non-Anglicans, but religious controversies postponed its granting of degrees for nearly a half century.¹² Dalhousie at least survived. Disputes amongst Anglicans, Presbyterians, and other religious groups brought about the closing of Nova Scotia's Pictou Academy, which served as a Presbyterian seminary

⁹William B. Hamilton, "Society and Schools in Nova Scotia," in Wilson et al., op.cit., pp. 93-94.

¹⁰William B. Hamilton, "Society and Schools in New Brunswick and Prince Edward Island," in Wilson et al., op.cit., pp. 110-111.

¹¹Phillips, op.cit., pp. 71-72.

¹²H.J. Somers, "The Atlantic Provinces," in Robin S. Harris, editor, Changing Patterns of Higher Education in Canada (Toronto: University of Toronto Press, 1966), pp. 25-26.

from 1816 to 1831.¹³ Between 1838 and 1853, four denominational schools which have since become universities were founded. They were Baptist Queen's College, Methodist Wesleyan Academy, and Roman Catholic St. Mary's and Arichat Seminaries.¹⁴

It was in the same period in which the schools outside Upper Canada were making their first appearance that the wishes of Upper Canadians for higher education facilities were at last realized. The most influential force behind the founding of King's College in 1837 was John Strachan, the Anglican Archdeacon of York (Toronto). Strachan intended King's to conform closely to the model which Simcoe had suggested.¹⁵ However, between 1837 and 1843 pressure from the more numerous non-Anglicans in Upper Canada forced alterations in the charter of King's College which transformed it into something of a provincial institution.¹⁶ Finally, in 1849, King's became the nondenominational University of Toronto, with faculties of arts, law, and medicine. The role of the government of the Province of Canada in the new university, the first institution in British North America to call itself by this name, was upheld by government representatives on the Senate and the

¹³Hamilton, "Society and Schools in Nova Scotia," op.cit., pp. 95-97.

¹⁴Somers, op.cit., p. 27.

¹⁵Robin S. Harris, "The Establishment of a Provincial University in Ontario," in D.F. Dadson, editor, On Higher Education (Toronto: University of Toronto Press, 1966), pp. 11-12; Wilson, "Education in Upper Canada: Sixty Years of Change," op.cit., p. 205.

¹⁶Harris, op.cit., p. 16.

Endowment Board, and by the power of appointment of professors and the university president.¹⁷ But there were to be no direct legislative grants to the university, as endowment and student fees were expected to supply all financial resources necessary to the university's operation. (The endowment came from the province.¹⁸) The King's College and University of Toronto experience represented an origin of and precedent for close provincial supervision of university education in Ontario.

Another precedent was set in the pre-Confederation period in Upper Canada, this time involving a struggle for supremacy between forces in favour of denominational schools and those proposing a secularized provincial educational system. By the time the King's College charter was finally effected, reaction to the founding of an Anglican institution had prompted the establishment of three alternative denominational colleges around 1840. They were Regiopolis (Roman Catholic) and Queen's (Presbyterian) at Kingston, and Victoria (Wesleyan) at Cobourg. A number of similar institutions followed within a decade.¹⁹

In the period just after the University of Toronto was founded, Bishop Strachan became engaged in a bitter and decisive

¹⁷Ibid.; Wilson, "The Ryerson Years in Canada West," op.cit., p. 227.

¹⁸Harris, op.cit., p. 18. The endowment was over 200,000 acres of Crown land. Robin S. Harris, Quiet Evolution (Toronto: University of Toronto Press, 1967), p. 59.

¹⁹Wilson, "The Ryerson Years in Canada West," op.cit., pp. 227-230.

dispute with the equally redoubtable Egerton Ryerson, Superintendent of Education for Upper Canada. Strachan refused to give in after the University of Toronto was founded. He continued to propagandize vigorously for an exclusively sectarian system of higher education, headed by an Anglican college in Toronto to replace the new "godless institution." Ryerson, himself a Methodist, opposed Anglican control over Toronto's college. Most significantly for the subsequent development of education at all levels in Ontario, Ryerson overcame Strachan's efforts and maintained the University of Toronto's secular character. He helped establish for Ontario the basis for a centralized and nondenominational educational regime under at least the indirect influence of the provincial government.²⁰

Notwithstanding this development, provincial grants were offered to the sectarian institutions (as the provincial government's counterpart of the University of Toronto's endowment) from the 1840's to 1868 in annual amounts averaging about \$2000 per institution before 1858 and four times that figure subsequently.²¹ But in a crucial policy change in the secular Ryerson spirit, the new Ontario government under Roman Catholic Premier John Sandfield Macdonald discontinued the grants to sectarian colleges immediately following Confederation.²² This

²⁰Ibid., pp. 227-228; R.D. Gidney, "Centralization and Education: the Origin of an Ontario Tradition," Journal of Canadian Studies (Volume VII, Number 4).

²¹Harris, "The Establishment of a Provincial University in Ontario," op.cit., pp. 22-23.

²²Robin S. Harris, "The Evolution of a Provincial System of Higher Education in Ontario," in Dadson, op.cit., pp. 38-39.

action plunged these institutions into financial difficulties which compelled them to consider secularization, so that they could once again be eligible for grants. One by one, over nearly a century, each denominational college has been secularized in the face of financial exigency. A succession of Ontario provincial governments has perpetuated the policy of confining grants to nondenominational institutions. These governments have justified their inflexible position by frequent reference to, in the words of Premier John Robarts in 1963, "the policy which ... had its origin in the very beginnings of the Province."²³

B. Canadian Universities from Confederation to the Early Twentieth Century

The University of Toronto became Canada's second full-fledged provincial university through the Federation Act of 1887. The Federation Act joined four (soon to be seven) colleges and the Toronto School of Medicine into a university highly centralized in all but its theological aspects. The member colleges continued to offer theology and related courses, while the University assumed responsibility for everything else.²⁴

²³Legislature of Ontario, Debates, 21 March 1963 (Toronto: Queen's Printer, 1963), pp. 2004-2006.

²⁴Harris, "The Establishment of a Provincial University in Ontario," op.cit., pp. 26-27. In the opinion of E.E. Stewart, the three most crucial Ontario government decisions of the nineteenth century which set precedents for the twentieth century were the establishment of a nonsectarian University of Toronto in 1827, the cutoff of assistance to religious colleges in 1868, and the Federation Act of 1887. Edward L. Stewart, The Role of the Provincial Government in the Development of the Universities of Ontario 1791-1964 (unpublished Ed. D. thesis, University of Toronto, 1970), p. 521.

Income from the endowment was no longer sufficient in the 1880's, but there was still no provincial government commitment to support with operating grants what had clearly become Ontario's provincial university. Eventually, in 1901 and particularly in 1906, there were undertakings which constituted an irreversible obligation on the part of the province to assure the sound financial status of the University of Toronto. Premier James Whitney, speaking in 1905, acknowledged that the school's status as a provincial institution was "a condition not a theory," that its financial situation was urgent and intolerable, and that "a remedy, immediate, permanent, and lasting, must be applied."²⁵ No one appears to have entertained any notion of seeking assistance from Ottawa at this time.

Amongst other forms of financial assistance, the 1906 University of Toronto Act finally supplied the university with an annual operating subsidy. In the same legislation, a new scheme for the governance of the university attenuated to some extent the provincial control over the institution. But the members of the highly influential Board of Governors were still to be appointed by the provincial government.²⁶ At the very least, it may be observed that for over a century the University of Toronto has been in a very close and unique

²⁵Harris, "The Establishment of a Provincial University in Ontario," op.cit., pp. 30-31.

²⁶Ibid., pp. 32-33.

relationship with the government of Ontario.²⁷ Thus, on balance, Ontario's policy toward higher education in the forty years following Confederation evolved with a double standard, consisting of an intimate association with the provincial university, in contrast to a refusal to provide assistance to the other, exclusively sectarian, colleges in the province.

Outside Ontario, relations between provincial governments and universities developed in a different manner, but reached a comparable close association in the long run. There was the same proliferation of small denominational schools in other provinces, particularly in the Maritimes, to the extent that in 1880 there were about twenty-one colleges in Canada with a total of 2200 students, or about one hundred per institution.

Manitoba was most like Ontario in her development. In that province, three denominational colleges federated into the University of Manitoba in 1877 in a fashion quite similar to what was to occur in Toronto a decade later. In 1917, the sectarian schools within the University of Manitoba were dissolved.²⁹ Saskatchewan and Alberta created provincial universities out of nothing in 1907 and 1908 respectively. At no time have there been degree-granting post-secondary institutions other than

²⁷Stewart, op.cit., p. 539.

²⁸Phillips, op.cit., p. 212.

²⁹Stamp, op.cit., p. 330.

provincial colleges and universities in these two provinces. In 1915 the University of British Columbia evolved out of McGill College, which has been a sort of west coast affiliate of the Montreal university.³⁰ Throughout this period McGill continued to prosper in Quebec, with the continued assistance of private donations. The universities and colleges in the Maritime provinces, by contrast, were in the sorriest condition of Canada's post-secondary institutions. Dalhousie was in the best financial position in the region, thanks to comparatively large endowments.³¹ Nova Scotia provided modest annual operating grants to its many colleges until 1882, but in that year all grants were cut off.³² The University of New Brunswick was a provincial institution, of course, but the straitened circumstances of that province guaranteed that provincial assistance would be limited. The two denominational colleges in Prince Edward Island, like the other small sectarian schools of the Maritimes, were able to operate only at the level of few students and facilities.³³

Summing up the circumstances of Maritime universities in the period following Nova Scotia's discontinuance of operating

³⁰ Ibid., pp. 332-333.

³¹ Ibid., p. 331.

³² Somers, op.cit., p. 27.

³³ Stamp, op.cit., p. 331.

grants, H.J. Somers cites "apathy and neglect," directed toward education at all levels, and caused by emigration and chronic economic problems.³⁴ In Canada as a whole, the early years of the twentieth century witnessed the creation of a full provincial university system in the three Prairie provinces, and the institution or retention of a partial provincial regime in three other provinces, British Columbia, New Brunswick, and Ontario. In only the three remaining provinces were all universities still private institutions after 1915.

The Government of Canada, like Ontario, seems to have created a double standard in the years following Confederation. One standard was for the Royal Military College and the other was for all other post-secondary institutions. It was established in Chapter II that provincial, especially Quebec, determination to retain jurisdiction over education led to education being awarded to the provinces in the British North America Act, whatever may have been the misgivings of Macdonald or McGee. Federal officials have never forgotten that education is a provincial field. The assertion by some university spokesmen that Section 93 does not apply to universities has never been

³⁴Somers, op.cit., p. 28.

accepted in Ottawa.³⁵

The Royal Military College, Canada's only federally controlled post secondary institution, was founded in 1878 at Kingston as an explicitly military facility, for the training of officers for the Canadian army. The provinces offered no objection to such an institution. But the sensitive nature of federal involvement in education was demonstrated in 1894, when Ontario Member of Parliament William Mulock complained that Ottawa was invading the provincial domain by providing courses in non-military subjects at the military college. Mulock implied that the constitutional assignment of education to the provinces precluded federal activity in offering conventional academic subjects at Royal Military College. Mulock further charged that some graduates of the school chose not to become military officers. Rather, they apparently treated their training at federal expense as a free liberal arts education.³⁶ In truth, Mulock was essentially disturbed by what

³⁵ Queen's University Principal J.A. Corry has been quoted as contending that "... in 1867 none of the newly formed provinces regarded university and college education as being a matter for provincial jurisdiction. All the universities then existing ... operated under royal charters or other non-provincial authority." Stephen G. Peitchinis, Financing Post Secondary Education in Canada ([Toronto:] Council of Ministers of Education, Canada, July 1971) (The "Peitchinis Report"), p. 26. Corry's assertion cannot be accepted in respect to Ontario (where the University of Toronto was already something of a "provincial university" in 1867). The federal government never has made a similar claim.

³⁶ House of Commons, Debates Fourth Session, Seventh Parliament 57-58 Victoria, 1894 (Volume XXXVIII) (Ottawa: Queen's Printer, 1894), p. 5100.

he considered to be excessive costs at the institution. Nevertheless, the incident does provide an early illustration of the difficulties which have always attended federal government activity in education in Canada.

There is one other parliamentary episode from the pages of Hansard that carries the implication that federal government officials of the last years of the nineteenth century may have been motivated to maintain a federal "foot in the door" in higher education. The following arguments perhaps represent the university counterpart to those rationalizations discussed above (Chapter II, Part One, Section C) relating to federal involvement in vocational training and the federal government's spending power. In 1889, Attorney General John Thompson proposed an amendment to the charter of Queen's College of Kingston, an action to which some of his fellow members took exception on grounds of provincial autonomy in education. Thompson and his supporters claimed, variously, that the Queen's charter did not fall under Section 93 because Queen's was private and that the constitution refers only to public education;³⁷ and that the incorporators of the college (the Presbyterian Church) carried out their operations in at least two provinces and that, in Thompson's words, "This Parliament may ... create a body for the purpose of carrying on education in more than one of

³⁷House of Commons, Debates Third Session, Sixth Parliament 52 Victoria, 1889 (Volume XXVII) (Ottawa: Queen's Printer, 1889), pp. 603-604.

the Provinces, as it may in relation to insurance, as has been decided, which is no more a matter within our control than is the subject of education."³⁸ It was pointed out to Thompson that, by this line of reasoning, all Roman Catholic institutions in Canada would fall under federal influence.³⁹ While Thompson's arguments are moot in the provincialized university environment of our own day, they do reveal that Ottawa endeavoured to maintain some interest and influence in higher education in the period following Confederation.

C. The Early Twentieth Century to 1945

The changing relationship between Canadian universities and governments detailed in the previous section for the earlier period proceeded slowly but steadily through the first four decades of the twentieth century. Enrolment in 1919 was 22,000, ten times the 1880 figure.⁴⁰ (Canada's population doubled in the same period.) Even so, universities were not yet evaluated by governments at either the federal or provincial level in terms of their economic importance, namely, their contribution of highly skilled manpower to the economy. In Ontario, the provincialization of universities began voluntarily on the part of the schools,

³⁸Ibid., p. 606.

³⁹Ibid., p. 607.

⁴⁰Phillips, op.cit., p. 212.

without direct pressure from the provincial government. Western University and Queen's University secularized early in the century and joined the University of Toronto as institutions receiving provincial grants.⁴¹ The surviving sectarian institutions of Ontario managed to ward off financial pressure to secularize until after World War II.

Despite the small size of the provincialized university system in 1920 (three schools), the Ontario government appointed a Royal Commission on University Finances (the "Cody Commission") "to enquire into and report upon a basis for determining the financial obligations of the Province towards the University of Toronto and the financial aid which the Province may give to [Queen's and Western]."⁴² The commission, chaired by a former Minister of Education, recommended sizeable increases in provincial capital and operating grants to all three schools, Toronto in particular. The commission also suggested a great enlargement of graduate facilities at Toronto. Economic considerations were not cited in the report, but the foregoing suggestions were implemented rather promptly.⁴³ The commission also recommended, inter alia, that the province claim final approval of faculty appointments and all capital construction at the provincially

⁴¹Harris, "The Evolution of a Provincial System of Higher Education in Ontario," op.cit., pp. 43-45.

⁴²Ibid., pp. 45-46.

⁴³Ibid., p. 47.

supported universities.⁴⁴ Although this was not done, the Cody Commission represented the first instance of an official provincial instrumentality endorsing wide and substantial involvement in and control over university education by the province of Ontario.

Ontario was not the only province where universities were experiencing financial difficulties in the first half of this century. In Quebec, all universities were considered by the province to be private institutions with which the province should properly have little to do. Jean-Marie Martin describes Quebec's policy before the 1950's as "laissez faire."⁴⁵ The province did offer a very small annual subsidy to each of its universities, however. In the Maritimes, there were still only about two thousand university students in the early 1920's (less than one-tenth the Canadian total) thinly scattered amongst more than a dozen schools.⁴⁶ The Carnegie Foundation for the Advancement of Teaching, in a study conducted at that time, proposed a federation of Maritime universities across provincial boundaries, with advanced and professional facilities concentrated at Dalhousie. Understandably, the small institutions showed little interest in this suggestion.⁴⁷ All in all, the "apathy

⁴⁴Ibid., p. 49.

⁴⁵Jean-Marie Martin, "Quebec", in Harris, Changing Patterns of Higher Education in Canada, op.cit., pp. 68-69.

⁴⁶Somers, p. 29.

⁴⁷Ibid., p. 29.

and neglect" of earlier times in the Maritimes continued until after World War II. In the meantime, the four western provinces proceeded, quietly and slowly, to build up the centralized provincial university systems which they already possessed.

The Government of Canada was not any more actively involved in university education just before World War II than it had been a half century before. There is nothing to indicate that either individual institutions or provincial governments pressured Ottawa to supply financial assistance in this period. However, the early decades of this century did witness the initiation of an association of Canadian universities which, amongst many other activities, came to present the universities' arguments for federal aid. The National Conference of Canadian Universities (NCCU) was founded in 1911 with the objective of facilitating consultation, cooperation, and mutual assistance amongst Canada's universities.⁴⁸ It was not long before some of the NCCU's activities were directed toward attempting to integrate Canadian university education, possibly with Ottawa's support. For example, in 1922-1923, the Conference considered setting up a National Graduate School in Ottawa, or, alternatively, a national graduate study board to oversee all doctoral work in the country.⁴⁹ These suggestions proved to be impractical

⁴⁸F.C.A. Jeanneret, "The Contribution of Sir Robert Falconer to Higher Education," in Dadson, op.cit., p. 32.

⁴⁹Commission to Study the Development of Graduate Programmes in Ontario Universities, Report of the Commission to Study the Development of Graduate Programmes in Ontario Universities (Toronto: November, 1966) (The "Spinks Report"), p. 78.

in the 1920's, because of the autonomous character of the non-provincialized (sectarian) schools at the time, and the already intimate association between provincial governments and the remaining universities. It should be noted that the 1922 recommendations did not explicitly include provision for federal involvement in either scheme. However, universities and provinces could have been forgiven for interpreting these proposals as forerunners of federal participation in university education at least in a financial assistance capacity.

By 1944, the NCCU was no longer inhibited about requesting federal involvement in financing universities. The Conference may have been emboldened by the Rowell-Sirois Commission's somewhat enigmatic stance on the federal government's role in university education. The Commission's recommendations in most respects asserted provincial autonomy over education in a categorical manner. But the Report also noted that "a relatively small Dominion annual grant divided among the provinces in rough proportion to their population for the benefit of institutions which receive help from the state might play a peculiarly useful part in our national life."⁵⁰ The NCCU appeal of 1944 was in direct response to a 1941 federal Order-in-Council which provided for financial assistance to discharged veterans wishing to attend

⁵⁰ Report of the Foyal Commission on Dominion-Provincial Relations (Ottawa: King's Printer, 1941), Book II, 52.

university following their wartime service. The Conference reminded Ottawa that "unless the Dominion Government ... is willing to help the universities in meeting their post-war obligations, the Order-in-Council must fail in its full purpose."⁵¹ This request was infused with urgency: "Our resources are at present stretched to their limits and we cannot meet vast new demands without a large measure of external help."⁵² By the 1940's, the NCCU seems to have concluded that the federal government was the only, or the most appropriate, source for the great increase in financial support which Canada's universities collectively deemed to be necessary for their continued operation amidst the anticipated enrolment stresses of the postwar period.⁵³

Possibly, this plea to Ottawa for assistance came when some university administrators reached the conclusion that their provincial governments were unwilling or unable to provide the financial support which the administrators thought essential. In Ontario at least, universities remained a very low priority within the provincial government. Edward Stewart concludes that in the 1917-1950 period, Ontario's universities were

⁵¹National Conference of Canadian Universities, Report of the National Conference of Canadian Universities on Post-War Problems (Ottawa: The Conference, March 1944), pp. 9-10.

⁵²Ibid., pp. 9-10.

⁵³Ottawa's response to this NCCU appeal is considered in Part Two, Section A, of this chapter.

perceived in Toronto as a "minor problem," directly involving and of even indirect concern to comparatively few people.⁵⁴

The Ontario legislature troubled itself with debates in respect to university matters on only four occasions during this period of over three decades.⁵⁵ It is true that the proportion of support which nondenominational schools received from the provincial government in respect to their total expenses in this period was nearly equal to what it is at present.⁵⁶ But there were only three such schools, and their budgets were minuscule by today's standards.⁵⁷

In general, universities remained small institutions catering largely to the upper economic classes; popularization of higher education and the principle of equal access for all lay in the hazy future as of 1945.⁵⁸ An illustration of these facts may be found in the percentage of eighteen to twenty-one year olds in Ontario within the university system, which

⁵⁴ Stewart, op.cit., p. 341.

⁵⁵ Ibid., p. 341.

⁵⁶ Charles Hanly, Who Pays? University Financing In Ontario (Toronto: James Lewis and Samuel, Publishers, 1970), p. 11.

⁵⁷ See ibid., pp. 150-155, and pp. 162-165, for charts which indicate the University of Toronto's budget from 1910 to 1968. To illustrate the point about the comparative size of budgets in different periods, Toronto's expenditures were about \$766,000 in 1910, \$3,600,000 in 1945, and over \$38,000,000 in 1965. Ibid., pp. 154-155.

⁵⁸ Stewart, op.cit., p. 405.

increased at only a glacial pace, from 3.94 per cent in 1920 to 4.78 per cent in 1945.⁵⁹ With the size of provincial support for universities growing so slowly, the role and character of the schools remained much the same through the period from the nineteenth century to 1945.

To be sure, there were curriculum changes in the first half of the twentieth century, notably a shift from emphasis on theology and the Latin and Greek classics to at least a grudging acknowledgement of the importance of the natural sciences.⁶⁰ Nevertheless, according to Charles Hanly, prior to 1940, "the role of the universities was essentially limited to professional education and training according to traditions that had remained fairly constant over the preceding years. The professors also engaged in scholarship and scientific research as dictated by their individual predilections but without the driving social and professional demands that prevail to-day."⁶¹ As long as the universities' economic importance was not yet discerned, it is understandable that governments at both levels saw little reason to invest deeply in such autonomous and (in their estimation) largely insignificant academic activities.

⁵⁹Ibid. For additional statistics on this matter, see Hanly, op.cit., pp. 147-149.

⁶⁰Stamp, op.cit., pp. 329-330.

⁶¹Hanly, op.cit., p. 5.

D. Conclusion to Part One

In all but Quebec and two Prairie provinces, Canadian universities have followed the same pattern of evolution: private, denominational status in the beginning, followed by gradual secularization and integration into a provincial university system. As of 1945, this process was well underway but far from completed in most provinces. Over time, universities have slowly increased in size and broadened their curricula. But most of the changes in the character of university education in Canada that have taken place since Confederation had not yet occurred in 1945. The popularization of university education, with its attendant huge increases in enrolment and costs; the massive financial assistance from both federal and provincial governments; the full provincialization of the Ontario university system; the reinterpretation of universities as instruments of political and economic policy, with the consequent attempts by both levels of government to bring universities into line with economic priorities: all this lay in the future as the Second World War drew to a close. Neither universities nor governments glimpsed the coming developments very clearly. No one appears to have projected university needs or policy more than a few years into the future, or to have expressed any urgency about doing so. All that was clear in 1945 was that the returning veterans would temporarily increase university enrolment and tax university facilities. In addition, in Ontario, the early secularization of at least some of the financially strapped

sectarian universities which remained' was foreseeable in 1945. It appears that the governments and universities of Canada had prepared themselves, and each other, for nothing more.


Part Two: Universities and Governments, 1945-1970

A. The Immediate Postwar Period

Canada's universities were bracing themselves at the close of World War II for an influx of the demobilized veterans of that conflict. Through the National Conference of Canadian Universities (NCCU), the universities requested from the federal government direct financial assistance to ease the resulting strain upon university facilities and resources. Specifically, in 1944 the NCCU suggested that Ottawa, which was already committed to underwriting the veterans' tuition fees and living expenses, supply the institutions which each veteran attended with one hundred dollars per student veteran.⁶² This recommendation was supported with both practical and constitutional arguments. On the practical side, the Conference warned the federal authorities that professors, "however altruistic," cannot teach effectively for twelve hours a day, and that "you cannot squeeze a quart into a pint pot."⁶³ Little statistical

⁶²National Conference of Canadian Universities, op.cit., pp. 9, 31.

⁶³Ibid., p. 5.



justification was offered for the universities' concern. The preoccupation with quantification which seems to characterize dialogue between universities and governments in our own day had not yet appeared in the 1940's. The NCCU's constitutional argument in favour of direct federal grants to universities consisted of a seven-page listing of federal educational activity then in effect, all of which was presumably acceptable to the provinces. The list included Indians; penitentiary inmates; military and naval colleges; military training in universities; educational grants and charters; technical and vocational training; grants-in-aid to individual students; and educational activities of various federal government departments, the Canadian Broadcasting Corporation and the National Research Council.⁶⁴ The Conference's overall justification for federal grants was "the close relation of education to national welfare."⁶⁵ Characteristically for the times, economic arguments for federal assistance were not advanced.

Had the provinces wished to do so, they could have refuted the argument that direct federal grants to universities were constitutional because of the precedents just enumerated.

⁶⁴Ibid., pp. 37-44. For a statistical breakdown of these federal government activities for 1948-1949, see the Massey Commission report. Royal Commission on National Development in the Arts, Letters and Sciences, Report (Ottawa: King's Printer, 1951), Part II.

⁶⁵National Conference of Canadian Universities, op.cit., p. 37.

They could have pointed out that most of the federal educational activities claimed by the Conference as providing historical justification for federal grants to universities were either special instances of federal jurisdiction (such as Indians), or highly specialized practices that had little to do with provincial educational systems (such as Department of Fisheries courses for fishermen). It is reasonable to speculate that someone observing this period from the 1960's or 1970's might well think that the provinces should have considered the proposed federal grants as a precedent in itself, the first genuine involvement by Ottawa in university education, and the beginning of what could eventually develop into federal interference in a crucially important provincial jurisdiction.

As it turned out, the provinces did nothing to refute the NCCU's arguments, and did not oppose the appeal for direct federal assistance.⁶⁶ On the contrary, all nine provinces apparently welcomed federal grants to universities for veterans without any expressed reservations. There were possibly four reasons for this, the first three of which follow from the discussion in previous chapters. First, the centralization of the Depression and war period carried over into the 1950's, albeit in attenuated form. The provinces and the Canadian people appeared to be less eager to protect provincial jurisdic-

⁶⁶Information on this matter is scanty. No evidence of provincial opposition to a direct federal role in the 1940's may be found.

tions from federal intervention, than later came to be the case. The second reason, closely related to the first, was that many provinces, Ontario amongst them, did not yet regard universities as a fully provincial matter. The provincialization of university systems, we may recall, was still at a relatively early stage in the 1940's. University expansion and popularization were barely underway in Ontario at the time. In that province, there were four provincially supported and three denominational universities in 1945. The third reason for the universal provincial acceptance of the veterans' grants to universities was that the provinces' financial position at the time was such that they were tempted to accept financial assistance from any source. Finally, who could politically afford to appear to be impeding the education of veterans just after a war?

The federal government, faced with what must have seemed to be a universal desire for a programme of grants to universities on behalf of the veterans, promptly complied with the NCCU's request. In fact, possibly because of the popular approval of veterans' assistance at the time, Ottawa went the Conference one better. Instead of one hundred dollars, the federal government offered \$150 annually per veteran to Canadian universities.⁶⁷ The universities did not request more at the time. On this occasion, in contrast to some later instances, nothing further was importuned of the federal government--for a while.

⁶⁷ Hanly, *op.cit.*, p. 12. The veterans' grants were provided in the Veterans Rehabilitation Act of 1944.

The great postwar enrolment boom caused by returning veterans and foreseen by the universities did indeed materialize. Fulltime enrolment in Canadian universities, which was about 40,000 in 1944-1945, jumped to 64,000 in one year, and reached a high of 83,000 in 1947-1948, before it began to decline.⁶⁸ The strain on teaching resources predicted by the NCCU was quite evident in the late 1940's, but because qualified new teachers simply could not be found, the federal assistance could do little to alleviate this problem.⁶⁹ Nevertheless, the veterans' grant programme was considered a success by everyone concerned. The total cost to the federal treasury of the per veteran grants to universities and the federal subsidization of student fees and personal expenses came to some \$145,000,000, for some 50,000 veterans, or an average of about \$2900 per veteran.⁷⁰

In spite of the sizeable enrolment increases, Ontario's universities continued to evolve in the late 1940's and early 1950's in much the same manner, though at a somewhat accelerated pace, as in the prewar years. Carleton College had been founded in Ottawa during the war as a nondenominational (and thus provincially supported) institution. Shortly after war's end

⁶⁸Edward F. Sheffield, "The Post-War Surge in Post-Secondary Education: 1945-1969," in Wilson et al., op.cit., p. 417.

⁶⁹Ibid., p. 417.

⁷⁰Ibid., pp. 417-418.

two sectarian schools, McMaster University and the University of Ottawa, partially secularized. McMaster established a non-denominational, independently governed Hamilton College affiliated with the university, which would be eligible for provincial grants to finance its expensive offerings in the natural sciences and nursing.⁷¹ The University of Ottawa founded a medical school on the same basis. In 1954, Assumption University in Windsor followed McMaster's example and established Essex College.⁷² (For the full secularization of these three universities, see below, Section C, Subsection 4.) Only Waterloo Lutheran University fully maintained a religious affiliation after 1954.

Despite the fact that three-fourths of the province's universities had been secularized and were receiving provincial grants by 1950, nothing resembling the provincialized university system of the 1970's came into existence in Ontario in this early postwar period. Under Premiers George Drew (1943-1949) and Leslie Frost (1949-1961), relations between the province of Ontario and its universities were essentially a personal matter, involving one-on-one dealings between the Premier (who was also Minister of Education in both cases) and the president of each university individually. This is apparently

⁷¹Robin S. Harris, "The Evolution of a Provincial System of Higher Education in Ontario," in D.F. Dadson, *op.cit.*, p. 52. An appreciation of the difficulty of the choices open to McMaster University in the postwar period may be reached by consulting Questions Some People are Asking (Hamilton: McMaster University, May 1945).

⁷²Harris, *op.cit.*, p. 53.

the manner in which university budgets were determined for several decades leading up to the early 1960's. The encounters between Premier/Education Minister and university president sometimes took place face to face, sometimes by post. The standard procedure involved the president making a formal request for his school's subsidy in the following academic year. The Premier, in a more or less arbitrary fashion but essentially in conformity with his current budgetary priorities, would adjust the grant in what always proved to be a definitive action.⁷³ In a 1952 legislative debate, Premier Frost was requested to specify his criteria in allocating provincial grants to universities. In an ambiguous reply which in no sense compromised his manoeuvrability, the Premier admitted that "the rule is somewhat of a rule of thumb, of course."⁷⁴ There was no one in university or government in a position to overrule the Premier. Throughout this period the Progressive Conservative party enjoyed comfortable majorities in the provincial legislature, and the Premiers held great prestige in the province.

In the early postwar period, the universities of Ontario apparently found this Premier-president arrangement to be acceptable. At least they did not choose to publicize opposition

⁷³Hanly, op.cit., p. 14; Stewart, op.cit., p. 472. This point was also made by an official of the Department of University Affairs in an interview with the writer.

⁷⁴Stewart, op.cit., p. 472.

to the prevailing system. This is just as well, as they were offered no alternatives, and were in a poor position to exercise leverage with the Premier. One reason for the acquiescence of the universities may have been that provincial grants increased substantially in this period. Premier Frost accounted for this postwar generosity by noting the preceding Liberal regime's parsimony towards the universities. Frost asserted that the Premier of the 1934-1943 period, the anti-intellectual Mitchell Hepburn, had "cut university grants to the bone" and had left the universities in deep financial difficulty.⁷⁵ It is true that in the postwar years, as before, the province's grants to the University of Toronto, the "provincial university," were far more bountiful than those offered to all other institutions (see Table 3.3 below). In a letter Premier Drew admitted his partiality to the University of Toronto. He explained that he held the Education portfolio because of his "desire to advance the university activities throughout the province and particularly the University of Toronto."⁷⁶ Nonetheless, possibly because their own provincial grants were rapidly increasing, possibly because they accepted Toronto's pre-eminence, and possibly because once again they could do nothing about the situation, all of Ontario's universities seemed reasonably

⁷⁵Legislature of Ontario, Debates, 20 February 1956, (Toronto: Queen's Printer, 1956), p. 322.

⁷⁶Stewart, op.cit., p. 387.

satisfied with their financial status in the late 1940's. Then, around 1949, something altogether foreseeable came to pass. The World War II veterans, and the federal grants, started to disappear rapidly.

In 1949, just as the universities began to experience the financial pressure effected by the graduating veterans, Prime Minister Louis St. Laurent appointed the Royal Commission on National Development in the Arts, Letters, and Sciences, chaired by Vincent Massey, Chancellor of the University of Toronto and future Governor General of Canada. According to J.W. Pickersgill, a somewhat reluctant Prime Minister was prevailed upon by the Canadian University Liberal Federation and two of his Cabinet Ministers (Brocke Claxton and Lester Pearson) to set up the Massey Commission.⁷⁷ The Commission was charged with, amongst other duties, exploring the activities of federal government agencies in scientific and cultural fields, and making recommendations for improving them.⁷⁸ It is difficult to imagine how the Massey Commission could have been more favourably disposed to the Canadian university community and its interests. Of its five commissioners, the chairman was a university chancellor, one member was a university president,

⁷⁷J.W. Pickersgill, My Years with Louis St. Laurent (Toronto: University of Toronto Press, 1975), p. 139.

⁷⁸For the commission's charge in full, see Royal Commission on National Development in the Arts, Letters and Sciences, op.cit., pp. xi-xiii.

another a dean, and a fourth member was a professor! The only remaining commissioner was the sole non-academic in the group, but he too was a university graduate and the holder of honorary degrees.⁷⁹

Inevitably, the apprehension of the universities over their financial health was reflected in the Commission's report. Probably unnecessarily, the NCCU requested in a brief to the Massey Commission that universities receive "direct financial support" from the federal government. The Conference claimed this assistance to be essential to the universities "if they are to survive at their present stature."⁸⁰ In their report, the commissioners called this brief "an important statement."⁸¹ However, the Massey Commission did not recommend continued federal government assistance to universities to ease financial pressures. Instead, the commissioners moved beyond this potentially transitory practical problem and declared Canada's universities to be national institutions of the highest cultural significance:

⁷⁹Edward F. Sheffield, "Canadian Government Aid to Universities," Vestes (Volume III, Number 2, June 1960), p. 21.

⁸⁰National Conference of Canadian Universities, Brief to the Royal Commission on National Development in the Arts, Letters and Sciences (Ottawa: The Conference, 1949), p. 16.

⁸¹Royal Commission on National Development in the Arts, Letters, and Sciences, op.cit., p. 132.

The universities are provincial institutions; but they are much more than that. It would be a grave mistake to underestimate or to misconceive the wider and indeed universal functions of these remarkable institutions ... They ... serve the national cause in so many ways, direct and indirect, that theirs must be regarded as the finest of contributions to national strength and unity.⁸²

By designating Canada's universities as national institutions making contributions of the highest importance to the country's cultural life, and to its very national integrity, the Massey Commission laid the foundation for a recommendation that the federal government undertake a permanent commitment to the universities. It must be emphasized that the commissioners did not describe the universities as crucial to the national economy, or university graduates as necessary to meet national requirements for highly skilled manpower. In accordance with its findings, the Commission formally requested that "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."⁸³ Fifty cents per capita was offered as an example of how the amount of the grant might be determined, but no specific figure was formally recommended.⁸⁴ In dollar terms, the Massey Commission's request for unrestricted federal

⁸²Ibid., p. 132.

⁸³Ibid., p. 355.

⁸⁴Ibid., p. 355.

grants to universities on the basis of each province's per capita population did not represent much of a change from the veterans' assistance programme. However, the differences between federal aid to universities to meet a temporary practical difficulty and a long-term, open-ended federal commitment to Canada's cultural life are highly meaningful and potentially far-reaching in their implications. If the provinces did not perceive the grants for the veterans as representing an inauspicious precedent, a federal "foot in the door" in university education, they might have been expected to place just that construction upon the recommendations of the Massey Commission.

B. The Federal Per Capita Grant Programme

Prime Minister St. Laurent, who had appointed the Massey Commission, could not have been expected to disregard its recommendations. Perhaps he was also prodded in the direction of offering federal support to universities by the National Conference of Canadian Universities. Even before the Massey Commission was appointed, the NCCU requested grants from the federal government for both capital and operating costs to train "professional manpower," such as doctors, nurses, and engineers. Smaller grants were sought for the education of students in other faculties.⁸⁵ Eight months before the Massey Commission report was issued, the Prime Minister, at a convocation

⁸⁵ Finance Committee, National Conference of Canadian Universities, The Financial Problems of Canadian Universities, 1 March 1949 (mimeographed).

address at the University of Toronto, declared that "it is in the national interest to take immediate action to assist the universities to perform functions which are quite essential to the country."⁸⁶ The Prime Minister endorsed the Massey Commission's recommendations immediately upon their issuance. Indeed, in a most uncommon display of parliamentary dispatch, legislation providing direct federal per capita grants to Canadian universities was passed by the House of Commons within a few weeks of receipt of the Massey Commission report. The programme was to exist for one year only, during which time Ottawa and the provinces were to agree on a permanent arrangement.⁸⁷

In the brief "debate" on the proposal in the House of Commons, St. Laurent's argument for the grants was essentially the same as it had been at Toronto. He asserted the need "to ensure to our universities the financial capacity to perform the many services which are required in the national interest of the nation."⁸⁸ All three opposition parties welcomed the grants. Indeed, their spokesmen implied that the only criticism which they might offer was that the programme may not have gone far enough. George Drew, Leader of the Opposition, declared for the Progressive Conservatives that "we will welcome the

⁸⁶The Right Honourable Louis St. Laurent, Address to the Autumn Convocation of the University of Toronto, 20 October 1950 (mimeographed).

⁸⁷House of Commons, Debates 15 George VI, 1951, Volume V (Ottawa: King's Printer, 1952), p. 4278.

⁸⁸Ibid., p. 4278.

grants "to whatever extent they are made at this time."⁸⁹ The Cooperative Commonwealth Federation, which as we saw in Chapter II was long a supporter of federal activity in education, not only approved the new federal scheme but seized the opportunity once again to raise the question of federal assistance to other forms of education.⁹⁰ Even the Social Credit leader, Solon Low, seems to have sided with the CCF, in his statement that "I look upon this as the first step in a program, which we hope will be implemented throughout the years, designed to give further aid to education, and not confined to the university level."⁹¹

The formula which determined the size of the federal grants was quite uncomplicated. In fact, it was of almost childlike simplicity in comparison with its successor presented in 1966. The formula was based upon fifty cents per capita of the provincial population, with the money distributed to each university in accordance with its enrolment of full-time degree students, commencing with the following academic year (1951-1952). This formula appears to have been adopted simply because it was the only scheme specified by the Massey Commission, even though it had not been formally recommended. At least, this is the impression Prime Minister St. Laurent conveyed in his

⁸⁹Ibid., p. 4278.

⁹⁰Ibid., p. 4279.

⁹¹Ibid., p. 4279.

announcement of the programme.⁹² As an example of how the federal per capita grants worked in operation, consider a hypothetical university, in a province of one million population, which enrolled one-fourth of the province's full-time degree students, whatever that number might be. That university would have received an annual grant of \$125,000 under the programme. The grant would have remained at this figure (though increasing slightly each year, as the province's population increased) as long as the university's share of the total enrolment in its province stayed constant, again, quite irrespective of absolute numbers of students. The total grant for the first year of the programme was set at \$7,100,000.

The details of the federal-provincial relations involved in the founding and administration of this programme are discussed below (Chapter IV, Section C). Suffice it to note here that it appears that none of the provinces were consulted in advance of the introduction and passage of the federal legislation, but all ten provinces accepted the federal grants for the provisional first year. The universities themselves were consulted by the federal government through the NCCU after the legislation was passed. Ottawa desired the assistance of the universities in setting up and administering the grants programme, not in determining the size of the grants or the general character

⁹²Ibid., p. 4273.

of the scheme.⁹³ The Deputy Minister of Finance assured the universities that the project would likely be converted to a permanent basis, but no firm commitment to this effect was undertaken.⁹⁴

The direct federal per capita grants to universities seemed almost as universally popular as the veterans programme had been. In all likelihood, the first three factors involved in provincial acceptance of the veterans' grants in 1945 were equally, or only slightly less, operative six years later. The period of provincial assertiveness and determined opposition to conditional grants had not yet begun. There may have been another factor at work in 1951, as well. To some Canadians the introduction of the per capita grant scheme may have followed logically from the veterans grants. The veterans, of course, were highly esteemed citizens whose service to their country was deeply appreciated, and had rendered them highly deserving of assistance in their efforts to obtain a university education. From this argument it was not difficult to conclude that universities which were called upon to accommodate these veterans should be assisted to do so. According to W.G. Fleming, many Canadians carried this one step further, and began to ask why

⁹³Peitchinis, op.cit., p. 68.

⁹⁴Ibid., p. 68.

higher education should be, in a sense, a special privilege for veterans. Why not put all Canadians who meet the academic requirements for entry to university on the same footing? Why not offer everyone an equal chance?⁹⁵ Needless to state, these questions imply an egalitarian attitude which, put into effect, would popularize university education and require universities to enlarge greatly their facilities and budgets. This in turn would demand a substantial augmentation in the funds made available to universities. There is no present means of determining how much of an influence upon public opinion the veterans' grants may have exercised. One thing seems certain. To the extent that the above line of reasoning does represent the status of public opinion in Canada in the early 1950's, the veterans' programme did indeed constitute a fateful federal government "foot in the door" of university education.

Whatever may have been the desires or expectations of various persons at the time of the introduction of the per capita grants, Canadian universities in this period were not involved in or even contemplating sizeable increases in enrolment or expansion of facilities. Moreover, Prime Minister St. Laurent himself was not attempting to encourage university popularization or expansion with his grants programme. The Prime Minister, and the universities, were essentially concerned about the need to

⁹⁵W.G. Fleming, Ontario's Educative Society IV: Post-Secondary and Adult Education (Toronto: University of Toronto Press, 1971), p. 20.

maintain quality in the universities as they were then constituted.⁹⁶ None of the statements offered by the Prime Minister in defence of his grants scheme, in the House of Commons or elsewhere, could have been interpreted as supporting university expansion. On the contrary; in his announcement of the grants in the House of Commons he explicitly referred to the grants as designed to assist the universities "to maintain quality rather than to increase existing facilities."⁹⁷ For the first few years after the programme was instituted in 1951, no such expansion was either requested by government at any level or undertaken by universities in any province of Canada. In fact, as Table 3.1 indicates, full-time undergraduate enrolment in Ontario universities was virtually the same in 1955-1956 as it had been five years earlier.

Prime Minister St. Laurent seems to have intended the federal grants to be awarded to denominational institutions on the same basis as secular universities. Although his announcement of the programme did not mention sectarian universities, he left the implication that they were to be included. A few days following the announcement, the Prime Minister was asked directly by a Quebec member in Parliament whether denom-

⁹⁶W.J. Waines, Federal Support of Universities and Colleges of Canada (Ottawa: Association of Universities and Colleges of Canada, 1970), p. 24.

⁹⁷House of Commons, Debates 15 George VI, 1951, Volume V, op.cit., p. 4278.

denominational universities would be afforded equal status with other schools. In a reply graced with circumlocution worthy of his immediate predecessor as Prime Minister, St. Laurent appeared to respond affirmatively.⁹⁸ In any case, sectarian universities were included in the programme throughout its sixteen-year existence. This is surely what all of the universities themselves expected and desired.⁹⁹ Moreover, no one in the House of Commons raised any objection to embracing these institutions. We recall that Ontario's determined policy of refusing provincial grants to sectarian universities was well entrenched by the 1950's. It so happens that former Ontario Premier George Drew was Leader of the Opposition in the House of Commons at the time when the federal grants were first undertaken. Nevertheless, at no point did he or anyone else in the House of Commons place on record any reservations about the appropriateness of public funds for universities with religious affiliation. Nor did anyone express the fear that such a scheme would lead to the provinces being placed in an awkward position in their relationship with those institutions, particularly if the federal grants were discontinued.

⁹⁸Ibid., p. 5020.

⁹⁹The NCCU briefs do not specifically mention denominational schools, but we may assume that the Conference took for granted that they would be included in any grants programme.

C. The Period of the Per Capita Grant Programme

1. The Expansion of Ontario Universities

In the years between the institution of the federal per capita grants to universities and the introduction of a new federal scheme to assist the financing of universities, the universities of Ontario underwent a veritable revolution in enrolments, budgets, and in the number of universities themselves. At a remove of two decades, it is still not entirely clear what were the causes of the changes which commenced in the middle 1950's, both in Ontario and in Canada as a whole. What is unmistakable is that Canada's universities, whose full-time undergraduate enrolment (particularly in Ontario) had settled in the early 1950's at a plateau not far above the prewar level, commenced to expand their enrolment by nearly ten per cent each year, beginning around 1955. (Table 3.1. Note that enrolment statistics for 1950 onward are rounded off, owing to disagreements amongst the sources as to the exact numbers.) In Ontario, expansion at this rate continued for a decade, until around 1965, when it accelerated to about a fifteen per cent annual rate for the subsequent four years. In Canada as a whole, except for the 1965-1966 and 1966-1967 academic years, where nearly fifteen per cent increases were registered, the annual rise in undergraduate enrolment maintained a ten per cent level throughout the 1960's. During the years from 1955-1969, graduate enrolments in degree programmes increased much more

TABLE 3.1

FULL-TIME UNDERGRADUATE AND GRADUATE ENROLMENT
IN UNIVERSITIES IN CANADA AND ONTARIO, 1890-1973

Year	Canada		Ontario	
	Undergraduate	Graduate	Undergraduate	Graduate
1890-1891	(total) 4,664		(total) 2,688	
1900-1901	6,614		3,120	
1920-1921	27,729		7,274	
1930-1931	34,033		14,254	
1940-1941	48,835		19,144	
1945-1946	91,811		35,080	
1950-1951	64,100	4,300	21,300	1,800
1955-1956	69,400	3,400	21,100	1,600
1956-1957	74,736	3,364	22,194	1,600
1957-1958	82,445	4,055	23,974	1,826
1958-1959	89,850	4,550	25,763	2,037
1959-1960	96,766	5,234	27,189	2,211
1960-1961	107,500	6,500	29,500	2,600
1961-1962	121,500	7,300	33,000	2,900
1962-1963	133,000	8,400	36,000	3,300
1963-1964	147,700	10,600	40,000	4,200
1964-1965	164,400	13,800	45,400	5,400
1965-1966	188,000	17,200	52,100	6,900
1966-1967	212,950	19,700	60,900	7,700
1967-1968	237,000	24,200	69,300	9,800
1968-1969	239,600	26,100	81,000	11,500
1969-1970	263,900	30,200	87,600	12,000
1970-1971	276,300	33,200	98,000	13,200
1971-1972	289,200	33,800	107,400	13,900
1972-1973	278,200	36,000	117,300	14,300
1973-1974			113,700	13,800

Sources: The Statistical Year-Book of Canada (Ottawa: Government Printing Bureau). Issues dated 1891 and 1902.

Canada Year Book (Ottawa: Queen's Printer). Issues dated 1921, 1933, 1943-44, 1948-49, 1954, and all issues dated from 1959 to 1974.

Department of University Affairs, Annual Reports (Toronto: Queen's Printer). Issues dated from 1965 to 1975.

rapidly than those of undergraduates, both in Ontario and in Canada as a whole. In 1969, the Ontario rate of undergraduate enrolment increase fell back to ten per cent annually for another four years. In 1974 it appeared to stabilize at about 114,000 undergraduates. (The presence of new Colleges of Applied Arts and Technology which in 1967-1968 enrolled some 11,900 students but some 58,000 eight years later, surely contributed to the stabilization of undergraduate enrolment in universities.)

The number of graduate students also seems to have settled at the same time, at about 14,000. The undergraduate enrolment for the rest of Canada appears to have stabilized at an earlier date than Ontario's. The increase in enrolment in all of Canada since 1970 may be largely accounted for by Ontario alone; Ontario aside, Canadian university enrolment ceased to grow in 1970.

The nondenominational, provincially-supported university system in Ontario comprised four schools in 1945 (Carleton College, Queen's University, the University of Toronto, and the University of Western Ontario). By 1974 the number had increased nearly fourfold to fifteen. The remarkable succession of events which marked this expansion is explored below in Subsection 2. Let it be noted here that this process was dual in nature. First, the changes were represented by the progressive secularization of the sectarian universities in existence in 1945 (McMaster University, the University of Ottawa, and Assumption University). Second, in the 1950's and early 1960's seven new universities were created. In most cases these universities had

to be literally built from nothing, at great capital expense to the provincial government. All of the "emergent" institutions, as the new universities came to be called in the 1960's, were provincially funded from the start.

The huge enrolment increases, and the capital demands necessitated by the construction of new campuses and the enlargement of others, inevitably generated vast financial requirements in the Ontario university community. As Table 3.2 indicates, both provincial and federal governments endeavoured to assist the universities to finance their growing costs. We recall that an annual subsidy worthy of the name was first provided the University of Toronto in 1907. However, Queen's University and Western University received provincial support for specific programmes before the turn of the century. Regular annual operating grants to two of these three universities commenced in 1907, with Western following four years later. It was not until the 1940's that other institutions began to free themselves of sectarian affiliations and join Toronto, Queen's, and Western in this respect. Table 3.2 reveals that the total of provincial capital and operating grants to Ontario universities increased steadily from the 1940's to the early 1970's. The size of the annual gain evolved from about ten per cent in the late 1950's to about twenty per cent in the early 1960's. Beginning in 1963-1964, the annual increase became much larger than it had ever been, and the total provincial government grant more than sextupled in seven years, before settling down

TABLE 3.2

PROVINCIAL CAPITAL AND OPERATING GRANTS TO ONTARIO UNIVERSITIES,
AND FEDERAL OPERATING GRANTS TO UNIVERSITIES AND FISCAL TRANSFERS TO
ONTARIO FOR POST-SECONDARY EDUCATION, IN THOUSANDS OF DOLLARS, 1880-1973

<u>Year</u>	<u>Provincial Grant</u>	<u>Federal Grant</u>	<u>Federal Payment</u> Fiscal Transfer for All Post-Secondary Education Supplement to Tax Points.
1880-1881	Nil		
1900-1901	\$ 116		
1920-1921	2,256		
1940-1941	2,449		
1950-1951	8,618		
1951-1952	8,069	\$ 2,299	
1952-1953	8,139	2,383	
1953-1954	9,604	2,449	
1954-1955	12,464	2,523	
1955-1956	14,224	2,592	
1956-1957	9,617	5,405	
1957-1958	19,773	5,622	
1958-1959	20,754	8,705	
1959-1960	23,856	8,928	
1960-1961	28,707	9,134	
1961-1962	36,790	9,325	
1962-1963	45,645	12,684	
1963-1964	70,356	12,896	
1964-1965	101,296	13,172	
1965-1966	149,631	13,462	
1966-1967	173,662	33,904	
1967-1968	267,028		\$ 19,479
1968-1969	353,450		117,296
1969-1970	409,882		105,014
1970-1971	465,820		143,400
1971-1972	461,509		179,800
1972-1973	491,239		161,700
1973-1974	475,451		154,000

Sources: Canada Year Book (Ottawa: Queen's Printer). Issues dated 1957-58, 1960, 1962, 1966, and all issues dated from 1968 to 1974.

Public Accounts of the Province of Ontario (Toronto: Queen's Printer). Issues dated 1900, 1922, 1941, and all issues dated from 1951 to 1975.

Budget (Toronto: Ontario Department of Treasury and Economics). All issues dated from 1969 to 1975.

and apparently levelling off around 1971. This levelling off was facilitated by the virtual completion of the construction of the "emergent" institutions, which caused the annual capital grants to diminish greatly in the early 1970's.

As will be discussed in detail in later subsections, the provincial grants commencing with the 1967-1968 year correspond with the provisions of the Federal-Provincial Fiscal Arrangements Act.¹⁰⁰ Under this legislation, the Government of Canada abated four personal income and one corporation income tax points to the provinces to assist in the financing of post-secondary education. The additional fiscal transfer presented in the column on the right side of Table 3.2 is the amount required by Ontario to bring the total federal transfer to fifty per cent of all post-secondary operating expenditures (not simply universities) in the province, in conformity with the provisions of the Fiscal Arrangements Act. Thus, the provincial grants from 1967-1968 onward, on the left of the table, include part of the fiscal transfer on the right. In a sense, as the value of the income tax transfer plus the additional fiscal transfer has amounted to well over three hundred million dollars in recent years, it may be claimed that Ontario's universities have been financed much more generously by the federal government under the Fiscal Arrangements Act than ever before.¹⁰¹ However,

¹⁰⁰This legislation is considered in detail in Chapter IV, Section E.

¹⁰¹This point is discussed in Section D of this chapter.

it should also be noted that the huge increases in provincial grants prior to 1967-1968 were financed by the provincial government and were supplemented by the much smaller direct federal per capita grants to universities in the centre column. In addition, in the late 1960's and early 1970's, federal tax abatements and fiscal transfers aside, the province of Ontario's financial contribution to university education was far greater than it had ever been prior to the middle 1960's.

The relative importance to the provincial government of the University of Toronto, traditionally Ontario's "provincial university,"¹⁰² is demonstrated in Table 3.3. The distribution of the 1954-1955 grants, in the first column, is representative of the period which preceded the appearance of the "emergent" universities. It should be pointed out that the University of Toronto was the beneficiary of approximately one half of the provincial grants each year of the 1950's, even at the end of the decade (second column) when there were ten provincially supported universities. Taking operating grants exclusively, Toronto's assistance from the province was out of proportion

¹⁰²The designation of "provincial university" for the University of Toronto appears frequently in the files of the Committee on University Affairs, including the correspondence of Premier Leslie Frost.

TABLE 3.3

PROVINCIAL GOVERNMENT OPERATING AND CAPITAL GRANTS
TO ONTARIO UNIVERSITIES, BY UNIVERSITY AND YEAR IN
THOUSANDS OF DOLLARS, 1954-1969

<u>University</u>	<u>1954-1955</u>	<u>1959-1960</u>	<u>1964-1965</u>	<u>1969-1970</u>
Brock			655	7,318
Carleton	345	1,400	6,302	19,842
Guelph			850	22,750
Lakehead		230	825	12,903
Laurentian			2,712	6,925*
McMaster	525	2,300	6,258	47,669
Ottawa	525	1,500	1,892	30,500
Queen's	1,275	2,300	8,073	29,966
Toronto	6,993	11,500	28,004*	103,353*
Trent			730	4,719
Waterloo		1,250	7,545	30,486
Waterloo Lutheran				2,608
Western Ontario	1,275	2,000	7,344	34,226
Windsor	200	1,050	6,838	16,631
York		25	8,330	34,218
Total	11,138	23,552	86,516	403,116

*Includes affiliated colleges (Algoma and Nipissing for Laurentian, Scarborough and Erindale for Toronto)

Sources: W.G. Fleming, Ontario's Educative Society I; The Expansion of the Educational System (Toronto: University of Toronto Press, 1971).

Public Accounts of the Province of Ontario for the Fiscal Year Ended 31st March 1955 (Toronto: Queen's Printer, 1955).

to her relative enrolment.¹⁰³ This university's share of the total provincial grants was progressively cut in half during the 1960's, from one-half to one-quarter of the total provincial grants (third and fourth columns), as such new universities as Guelph and York began to receive sizeable capital support. Let us also note from Table 3.3 that provincial assistance to Queen's University and the University of Western Ontario grew from less than one-fifth of the support for the University of Toronto in 1954-1955 to roughly one-third of Toronto's level of assistance fifteen years later. Once McMaster, Ottawa, and Windsor fully secularized, their provincial aid increased dramatically. Of course, the absolute size of the provincial grants grew enormously in the period covered in Table 3.3, and the University of Toronto continued, as it had since 1907, to receive by far the largest share of provincial largesse. But it is also clear that the University of Toronto's relative status as the pre-eminent publicly-supported Ontario university is not what it used to be. Toronto's relative enrolment has also declined; in the 1960's alone its share of the total provincial enrolment dropped from just over forty per cent to just under

¹⁰³To illustrate this contention, it may be pointed out that in 1959-1960 the University of Toronto's operating grant from the province was 65.6 per cent of the provincial total. In the same year, Toronto's federal per capita grant, computed entirely on the basis of enrolment, was 46.2 per cent. By 1964-1965 the gap had narrowed. The respective percentages were 46.7 and 34.5. W.G. Fleming, Ontario's Educative Society I: The Expansion of the Educational System (Toronto: University of Toronto Press, 1971), pp. 352, 354.

thirty per cent.¹⁰⁴ Although Toronto is far from becoming "a university like the others," it is now clear that there are fifteen provincial universities amongst which provincial grants are being distributed much more equitably than in the past.¹⁰⁵

The provincialization of the Ontario university system is further demonstrated in Table 3.4. Note that this table considers the relative size of the sources of funds for all post-secondary education, not simply universities. The federal percentages for 1960 and 1965 include the federal per capita grant programme, which both in Canada as a whole and still more so in Ontario failed to keep pace with increases in university expenditure. The percentages for 1969, 1970, and 1971 do not include the tax abatements or fiscal transfers to the provinces under the federal heading. These are deemed to be provincial expenditures in this table. The direct federal government contribution to post-secondary education after 1966-1967 was largely confined to research grants (still made directly to universities) and student aid (paid directly to students). The decline in the importance of student fees is still more pronounced than the diminution in the federal government's direct share of post-secondary expenses. Taking universities alone (for which such longitudinal information is not available), the percentage of total university income accounted for by fees

¹⁰⁴ Ibid., p. 184.

¹⁰⁵ For an elaboration of formula finance, which has facilitated this increased equitability in grant distribution, see Section C, Subsection 2 of this chapter.

TABLE 3.4

PERCENTAGE OF FUNDS FOR POST-SECONDARY OPEATING EXPENDITURES,
CANADA AND ONTARIO, 1960-1971

This table includes all kinds of education offered in post-secondary institutions, including community colleges, teachers' colleges, and regional and hospital nursing schools. "Operating expenditures" include sponsored and assisted research in universities; capital outlays; departmental expenditures including scholarships, bursaries, student loans and aid; and other related expenses of provincial or federal departments.

Year	Canada			Ontario		
	Federal	Provincial	Fees	Federal	Provincial	Fees
1960	20.2%	48.5%	14.7%	23.5%	42.7%	19.6%
1965	17.4	51.3	13.7	15.8	59.6	12.4
1969	12.7	65.8	10.3	10.4	72.3	7.8
1970	11.7	68.8	9.8	9.3	74.1	7.1
1971	12.0	72.0	6.2	9.4	77.2	3.0

Source: Education in Canada: A Statistical Review for the Period 1960-61 to 1970-71 (Ottawa: Information Canada, June 1973).

is higher than it is for all post-secondary education collectively. In 1968-1969, for example, the fees percentage is 17.0 in Ontario. But the trends evident in Table 3.4 apply fully to universities.¹⁰⁶ The upshot of all of this is that Canadian universities as a whole, and Ontario universities to an even greater degree than those in the country taken collectively, have become increasingly and by the early 1970's overwhelmingly dependent upon the provinces in which they are located to supply the wherewithal which they require to maintain operation. The implications of this trend are discussed below, from the Ontario government viewpoint in Subsection 2, and from the perspective of the universities of Ontario in Subsection 4.

2. The Provincialization of Ontario Universities: The Provincial Government Perspective

a. The 1950's and Early 1960's

At the outset of this discussion it should be stated clearly that there is no information presently available which offers convincing evidence that officials in the provincial government, either in the civil service or amongst the Cabinet ministers, at any time consciously designed or even anticipated the provincialization of the Ontario university system prior

¹⁰⁶Fleming, Ontario's Educative Society I: The Expansion of the Educational System, op.cit., pp. 349-351.

to its taking place.¹⁰⁷ Moreover, even once this development was well underway, as late as the middle 1960's provincialization proceeded chaotically and quite in the absence of an overall provincial master plan.¹⁰⁸ Thus, it should be understood in the discussion which follows that while the government of Ontario to some extent has taken over the fifteen universities of the province, it has done so on a step-by-step, ad hoc basis, and in such a manner that most of the time the provincial authorities and the university community have scarcely seemed aware of the very next step of the process to come, much less its ultimate outcome.

The personal nature of the government-university relationship in Ontario and the prestige of the Premier in the 1950's have already been considered. Premier-Education Minister Leslie Frost retained the authoritative last word on the proposed university budgets which were hopefully submitted to him by the university presidents during his lengthy tenure at the head of the provincial government. In 1952, however, as the federal per capita grants scheme was getting underway, Premier Frost began to perceive the necessity, or at least the desirability,

¹⁰⁷The inability of the researcher to gain access to confidential provincial files necessarily leaves this question open, but the weight of interviews and open files strongly suggests that provincialization of the universities was neither planned nor foreseen prior to the early 1960's.

¹⁰⁸A similar conclusion is reached in the report of the Spinks Commission. Commission to Study the Development of Graduate Programmes in Ontario Universities, op.cit., p. 77.

of achieving some coordination of the Ontario government's university policy. This coordination was not indicated by the pressure of an expanding university system or rapidly increasing enrolments; let us recall that both of these lay well in the future at this time. The universities did have plans for some expansion of facilities in 1952, however, and Frost was apprehensive that, without some level of coordination, unnecessary and costly duplication would result.¹⁰⁹ Accordingly, the Premier appointed Dr. R.C. Wallace, retired principal of Queen's University, to function as a one-man advisory committee to assist the provincial government to establish some order in its university policy.¹¹⁰ Dr. Wallace, who remained in this capacity for four years, seems to have interpreted his role as that of an intermediary between government and universities. Years later, Premier Frost related to W.G. Fleming that Dr. Wallace had been "too gentle to crack the whip" over the universities. But it has never been made clear precisely what the government intended the advisor's role to be,¹¹¹ or how an advisor with Dr. Wallace's background could have been expected to "crack the whip." Upon Wallace's death in 1956, J.G. Althouse,

¹⁰⁹Fleming, Ontario's Educative Society IV: Post-Secondary and Adult Education, op.cit., p. 22.

¹¹⁰Ibid., p. 22.

¹¹¹Ibid., p. 22.

Chief Director of Education, replaced him in the advisory role for the remaining few months of his life. Althouse was succeeded by Provincial Treasurer and former Minister of Education Dana Porter. Porter's responsibilities were presumably the same that Dr. Wallace's had been. In any case the advisory position was abolished in 1958.

It was clear to the Ontario government by 1958 that the financial commitment of the province to its universities was increasing substantially each year. In this period the yearly growth in provincial grants to universities was approximately ten per cent. (Figures are in Table 3.2.) Premier Frost, by reputation no spendthrift, appears to have been dissatisfied with the performance of his series of advisors. Despite the fact that he and only he exercised the power of final decision on provincial assistance to universities, the "crack the whip" remark and a minister's statement in the legislature lend the possibly erroneous impression that Frost deferred to some extent to arrangements worked out by his advisors and the university presidents, at least after Althouse succeeded to the advisory position. Frost's Minister of Education, W.J. Dunlop, rather improbably told the provincial legislature in 1957 that the advisor "went to each university, consulted with the officials, ascertained the number of students and what buildings they needed, and worked out very definitely a five-year plan of amounts for maintenance and new construction for each university

and we are following that."¹¹² Whatever the specific reason for Frost's dissatisfaction with the single-advisor formula, a University Committee was established in 1958 explicitly to perform the functions which Dunlop had cited as taking place under the earlier arrangements.¹¹³

There was one difference between the advisor and the University Committee which must have occurred to the Premier. The University Committee was composed of five civil servants; three were the Comptroller of Finance, the Provincial Auditor, and the Deputy Minister of Economics. It is fair to speculate that all three of these officials, whose overriding concerns were economic rather than educational, might have been and presumably were expected to endeavour to bring university expenditures into conformity with provincial budgetary policy. They were joined on the University Committee by the Assistant Superintendent of Curriculum in the Department of Education (who acted as secretary to the Committee) and the Committee chairman, the Chief Director of Education.¹¹⁴ In 1960, Minister of Education and soon-to-be Premier John Robarts related to the legislature that the University Committee's activities were, in effect, those which Dunlop three years earlier had ascribed

¹¹²Legislature of Ontario, Debates, 7 March 1957 (Toronto: Queen's Printer, 1957), p. 878.

¹¹³Fleming, Ontario's Educative Society IV: Post-Secondary and Adult Education, op.cit., p. 23.

¹¹⁴Ibid., p. 23.

to the single advisor. Robarts implied, however, that the Committee's determinations were not necessarily decisive. After listing the Committee's responsibilities in regard to individual university budgets, Robarts added that "all these matters are taken into consideration when the grants are established."¹¹⁵ Thus, the Committee (and in all likelihood its predecessors) was purely advisory and the responsible government officials, notably the Premier, retained the final word on provincial grants to universities.

The development of the provincial university system in Ontario advanced most rapidly in the late 1950's and early 1960's. McMaster University, Assumption University, and the University of Ottawa all completed their secularization in this period. We may recall that nondenominational colleges had been established at all three universities to provide certain expensive academic services which would be eligible for provincial grants. The enrolment and other financial pressures of the period continued nonetheless. These three institutions received much less in provincial grants than their secular counterparts. Note in Table 3.3 the difference between the 1954-1955 grants to McMaster and Ottawa on one hand and those to Western and Queen's on the other. (The denominational universities received federal per capita grants in this period on the same basis as the nonsectarian schools, of course, but these

¹¹⁵Legislature of Ontario, Debates, 28 March 1960 26th Legislature, First Session (Toronto: Queen's Printer, 1960), p. 1838.

grants were insufficient to sustain the denominational schools in the absence of large provincial grants.) Note also from Table 3.3 that by 1964-1965 fully nondenominational McMaster and Windsor were enjoying provincial support comparable to that extended to the most generously assisted universities, apart from the University of Toronto. At the same time the University of Ottawa, not yet fully secularized, lagged far behind. McMaster's second stage of secularization took place rather painlessly in 1957; the university's trauma had occurred at the partial secularization a decade earlier. For Assumption and particularly Ottawa, two Roman Catholic institutions, the transition to nonsectarian status was a drawn-out and sometimes excruciating process.¹¹⁶ Assumption and Ottawa fully secularized in 1962 and 1965 respectively (the former as the University of Windsor), leaving only Waterloo Lutheran University with religious affiliation and without provincial financial assistance. (Waterloo Lutheran secularized as Wilfrid Laurier University in 1974.)

The provincial university system was thus enlarged by the transformation of some universities from sectarian to secular administration. A still greater increase in size for the system was attained through the founding of new universities,

¹¹⁶On these two schools particularly, see Fleming, Ontario's Educative Society IV: Post-Secondary and Adult Education, op.cit., pp. 197-200. (for Assumption), pp. 129-134 (for Ottawa).

which commenced in the late 1950's and continued into the middle 1960's. That is, the total secularization of three denominational universities coincided with the establishment of seven more institutions. The seven new schools were the University of Waterloo and York University (Toronto), both founded in 1959; Laurentian University (Sudbury), established in 1960; Lakehead University (Port Arthur), which dates from 1962; and Brock University (St. Catharines), the University of Guelph, and Trent University (Peterborough), which were established in 1964.¹¹⁷

As Table 3.1 indicates, rapid annual enrolment increases in Canadian universities commenced in the 1950's and continued throughout the following decade. It appears that this development was never questioned but was fully accepted by the provincial authorities (at least until the late 1960's), in spite of the huge increases in the provincial assistance to the universities which this growth entailed. Similarly, when there was pressure for the founding of new universities or the secularization of existing institutions, both of which involved substantial provincial government expenditure, the Ontario authorities rarely offered resistance.¹¹⁸ In this period around 1960,

¹¹⁷The history of each institution to 1970 is detailed in ibid., Chapter III.

¹¹⁸One notable exception to the general case of provincial acquiescence was Ontario's refusal to support a proposed Northeastern University at North Bay. Stewart, op.cit., pp. 466-468.

notwithstanding the relative absence of a lobby to propagandize for the interest (essentially the budget requests) of the universities, and in spite of the presence of a government committee which might have been expected to resist the more extravagant financial requests of the universities, the province's capital and operating grants to the nondenominational universities of Ontario may surely be considered generous.¹¹⁹

A wide assortment of explanations has been advanced for the explosive growth of Ontario's and Canada's universities in the past two decades, and for the willingness of governments at provincial and federal levels to expend vast sums of money to maintain this rate of growth. It has already been noted that the grants to veterans following World War II may have prompted some Canadians to conclude that all academically qualified young men and women should enjoy an equal opportunity for a university education. However, there are two distinct interpretations of equal opportunity. One favours a small scale university system, with access limited to the very best qualified regardless of economic status. The other interpretation supports mass education, featuring a number of large universities which accommodate a large percentage of high school graduates.¹²⁰

¹¹⁹The attitudes and policies of the universities themselves are discussed below in Section C, Subsection 4.

¹²⁰Fleming, Ontario's Educative Society I: The Expansion of the Educational System, op.cit., p. 31.

However, there can be no doubt that for many Ontarians equal chance for university education has gone hand in hand with increased enrolments and the founding of new universities to serve the various regions of the province. This is particularly true when people in certain sections of Ontario have requested provincial government assistance in founding new universities to supply their own young people with educational facilities comparable to those in more favoured parts of the province.¹²¹

Nonetheless, this simple desire on the part of Canadians to make universities more accessible cannot by itself account for the momentous changes of the period. Four other arguments purporting to explain the growth in university enrolment and government expenditure also deserve to be considered. All of these arguments, the first and third in particular, were widely used by the university community to persuade governments to expand universities at a rapid rate. The first is the one most often advanced by the universities and the business community at the time, namely, the alleged acute shortage of highly skilled manpower. Throughout the late 1950's and early 1960's, one university-associated profession after another was declared to be in perilously short supply: Doctors, lawyers, elementary

¹²¹The files of the Committee on University Affairs contain frequent appeals from Ontarians in such sections of the province as Central Ontario (Peterborough) and Niagara (St. Catharines), who lobbied successfully with the provincial government for universities on this basis of equitability.

and secondary school teachers, university teachers, scientists, engineers, and managers of all kinds were desperately required.¹²² As European economies enjoyed their postwar "boom," the flow into Ontario of European immigrants of professional and technical classes lessened, thereby creating a void which had to be filled by Canadian-trained personnel.¹²³ It was apparently universally assumed that indiscriminate university expansion would remedy the undersupply in these fields. No effort was undertaken by business, the province or educators to channel university students into or away from any particular fields of study.¹²⁴

The second argument which influenced university expansion was that the "free world" was engaged in high-stakes competition with the Soviet Union and "Iron Curtain" countries in technological development, and that the "free world" had fallen behind. In the aftermath of the launching of the Sputnik satellite in October 1957, Canadians as well as Americans and Europeans grew apprehensive over the apparently superior state of Soviet technology. In Canada, for what was apparently the very first time, the relationship between the training provided by universities and national economic development and general prosperity,

¹²²This matter is discussed in some detail presently and in Section C, Subsection 4.

¹²³Interview with official of Ministry of Treasury, Finance, and Intergovernmental Affairs, Ontario.

¹²⁴By the middle 1970's a serious oversupply of personnel in certain fields had developed, but there was no anticipation of this development either in Ottawa or Toronto until around 1970. See Section D of this chapter and Chapter V.

possibly even Canada's survival as a "free" country, was recognized by government and industry.¹²⁵ In this connection it should be noted that Communists, Communism, and the Soviet Union were nearly as feared and disliked in Canada in the 1950's as they were in the United States.¹²⁶

The third influence upon governments at the time when university expansion was beginning to take place was a new appreciation of the differences between Canada and the United States. Canadians were again reminded of how far "behind" the United States they had fallen economically. They were assured that their living standard and general economic health would improve and virtually reach the United States level if there were a greater Canadian commitment to higher education in general and technological training in particular.¹²⁷

The fourth influence on the growth of Ontario universities was population increase, which, in the Canadian province

¹²⁵W.G. Fleming dates the recognition of the relationship between university training and survival of the "free world" from the Korean War and even the Berlin Airlift of 1948. W.G. Fleming, Ontario's Educative Society II: The Administrative Structure (Toronto: University of Toronto Press, 1971), p. 362. However, were this the case, surely the rhetoric attending the institution of the federal per capita grant scheme of 1951 would have reflected these concerns. It did not; in Canada at least, this association between education and security seems not to have been widely asserted until at least the middle of the 1950's.

¹²⁶Fleming, Ontario's Educative Society II: The Administrative Structure, op.cit., pp. 362-363.

¹²⁷Hanly, op.cit., pp. 58-59; Interview with official of Ministry of Treasury, Finance, and Intergovernmental Affairs, Ontario.

most favoured by immigrants, was substantial in the 1950's and 1960's. In the 1950's alone Ontario's population increased by 35.6 per cent, from just over four and one half million residents to six and a quarter million. The population growth in the 1960's was nearly as large. In addition, the birthrates of the late 1930's had increased as economic conditions improved, thus causing an enlargement of the university age population commencing in the middle 1950's.¹²⁸ Finally, the post-World War II "baby boom" caused record numbers of Ontarians to be of grade-school age in the 1950's and university age in the 1960's.¹²⁹ In short, at the very moment when universality of access to university education had become fashionable, and when concern for providing technological and professional education was at its peak of urgency, the supply of young people capable of receiving the appropriate training was attaining unprecedented levels in Ontario. Perhaps the veritable explosion of university facilities and activities in Ontario may best be accounted for by the fortuitous coincidence of these somewhat unrelated circumstances.

b. The Middle 1960's.

The Ontario government was eager to assist the universities of the province to carry out their expansion. But

¹²⁸ Interview with official of Ministry of Treasury, Finance, and Intergovernmental Affairs, Ontario.

¹²⁹ For the appropriate population statistics, see Commission on Post-Secondary Education in Ontario, Draft Report (Toronto: Queen's Printer, 1972), pp. 85-91. (Wright Commission Report)

the misgivings expressed by Premier Frost in the 1950's about the universities receiving virtually everything which they requested, however vast the sums of money involved, and however much duplication of facilities the grants may have encouraged, continued and intensified as the province's financial stake in university education mounted at a steadily increasing annual rate. A glance at Table 3.2 and Table 3.4 confirms the province's commitment to university development by the middle of the 1960's. Notwithstanding this growing concern and responsibility, however, very little long-range planning for, or determination of costs to the province of, maintaining such a large university system was effected. Rather than do this, the provincial government, in a succession of ad hoc steps, attempted to persuade the universities to "put their own house in order" by themselves, to work together to coordinate their activities and carry out planning for the long term development of the province's universities.

The initial step taken by the province in the 1960's to make the universities of Ontario aware of what the provincial government determined to be their responsibilities was the first reorganization of the University Committee. This advisory body was enlarged from five to nine members and renamed the Advisory Committee on University Affairs (ACUA) in 1961. The new members included prominent businessmen and elective government officials. Minister of Education John Robarts became chairman of the new body, presumably to lend it authority and

credibility in its relations with universities. Later in 1961, when Robarts replaced Deslie Frost as Premier, Frost assumed Robarts' place on the Advisory Committee. Notwithstanding the fact that the new committee probably was expected by the government to make a greater impression upon the universities than its predecessors, no university representatives were invited to take part in the new advisory committee.¹³⁰

The second action in the provincial campaign to goad the universities into cooperative activity occurred on 21 March 1962, when the Advisory Committee on University Affairs called the presidents of the (then fourteen) provincially-assisted universities together in Toronto. The ACUA apparently attempted to induce the presidents to afford some mutual consideration to, inter alia, long-range enrolment plans and needs, faculty requirements, the nature of the post-secondary institutions which should exist in the future, and how the money would be found to finance the higher education which would be provided.¹³¹ The ultimate result of this meeting was the formal establishment of the Committee of Presidents of Provincially-Assisted Universities

¹³⁰ Department of University Affairs, Report for 1967 (Toronto: The Department, 1968), pp. 8-10.

¹³¹ Committee of Presidents of Provincially-Assisted Universities of Ontario, Post-Secondary Education in Ontario (Toronto: University of Toronto Press, 1963), pp. 3-11.

of Ontario (CPUO) in December 1962.¹³² The immediate outcome of the March meeting was a study by the presidents which attempted to begin to address this series of long-range problems. This study's remarkably prompt report, published in May 1962, represents the first systematic attempt by a province-wide segment of the university community to define the dimensions of the problems confronting the rapidly expanding universities in the province. Perhaps more significantly to the provincial government, the report placed the university administrators' intentions for future development on the record.

The Committee of Presidents, in its report, suggested that the ACUA be reconstituted, and that its membership be enlarged "to include some wider representation from the academic world."¹³³ At the time, of course, the Advisory Committee was manned entirely by provincial government officials and representatives of the business community. The presidents also recommended that the CPUO be made a permanent advisory subcommittee of the ACUA.¹³⁴ In addition, in this and in a supplementary

¹³² J.R. McCarthy, in a 1963 letter to former Premier Leslie Frost, suggested that the CPUO had been founded at the suggestion of the ACUA so that the presidents could respond to ACUA initiatives. The implication of McCarthy's letter is that the CPUO was intended merely to react and advise, and only when the Advisory Committee desired. McCarthy to Frost, Letter, 15 July 1963, CUA Files, Archives of Ontario.

¹³³ Committee of Presidents of Provincially-Assisted Universities of Ontario, op.cit., p. 24.

¹³⁴ Ibid., p. 32.

report the following year, the Committee of Presidents took note of the rapidly increasing university enrolments of the time and presented projected enrolment figures for the remainder of the 1960's and into the 1970's.¹³⁵

The province of Ontario's third move in rationalizing its university policy in the 1960's was the founding of a separate Department of University Affairs (DUA) in 1964. Up to that time universities had been included within the Department of Education, where their relative importance had always been dwarfed by the great provincial government attention to, and expenditures for, primary and secondary education.¹³⁶ The creation of a new ministry facilitated the granting of closer provincial concentration on the universities. Perhaps for this very reason the university presidents, in their 1962 report, expressed disapproval of the establishment of a new ministry for higher education.¹³⁷ The new Department was to administer all capital and operating grants and student aid from the province to the universities, and handle all submissions from

¹³⁵ Ibid., p. 35.

¹³⁶ In 1960-1961, for example, provincial grants to universities constituted only 13.1 per cent of the annual budget of the Department of Education. This represents a large increase from the 9.1 per cent figure of ten years earlier, but not enough to affect the preoccupation of the Ministry of Education with primary and secondary education.

¹³⁷ Committee of Presidents of Provincially-Assisted Universities of Ontario, op.cit., p. 23.

the universities for capital assistance.¹³⁸ If nothing else, the DUA founding in the face of opposition from the universities should have placed the universities on notice that they would do well to heed the suggestion that they undertake greater coordination of activities, lest the new provincial instrumentality step in and exercise what the universities surely would consider to be violations of university autonomy. That the universities failed to respond to the government's message, at least as far as William G. Davis, Minister of University Affairs, was concerned, was demonstrated in an uncharacteristically blunt Frank Gerstein lecture delivered by Davis in 1966.

Prior to the Gerstein lecture, late in 1964, the province took a fourth action which was directed to the universities. This was a third revision of the advisory function which had been performed in turn by a single appointee, a five-member committee of provincial civil servants, and a nine-member committee which comprised both elective and appointive provincial officials and four businessmen. This last restructuring of

¹³⁸Fleming, Ontario's Educational Society IV: Post-Secondary and Adult Education, op.cit., p. 33. The university presidents must have been aware of the only half-facetious "Parkinson's Law" of C. Northcote Parkinson, which was widely known at the time. According to "Parkinson's Law," work expands to fill the time available for it. The new ministry provided much additional time--and opportunity--for bureaucratic interference with university autonomy. On these grounds alone the university community might have been apprehensive about the new development.

the Committee in the 1960's was in compliance with the wishes of the university presidents. It introduced five representatives of the university community chosen from a list submitted by the university presidents and faculty associations. The university representatives were a minority on the again-renamed Committee on University Affairs (CUA), but their presence provided some consolation (though little power) to the university community in the immediate aftermath of the founding of the Department of University Affairs.

The new relationship between province and universities which was evolving in the middle of the 1960's occasioned a certain amount of alarm outside the university community as well as within it. In the provincial legislature, traditionally no forum of debate on provincial university policy, the founding of the DUA prompted expressions of concern over the intentions of the ~~Progressive Conservative~~ government of John Robarts. In particular, opposition members from both the Liberal and New Democratic parties complained that the government was placing itself in a position where it could interfere with the autonomous operation of Ontario's universities. Opposition expressions of reservations about government policy often can be dismissed as pro forma exercises of the responsibility to oppose, but in this instance the protestations offered by opposition parties abruptly followed decades of their silent acquiescence in government policy respecting universities. Therefore, these criticisms may merit close attention, if only for their novelty.

Both the Liberal and New Democratic party leaders contended that the establishment of a separate university affairs department threatened university autonomy. Both suggested that the then-existing ACUA be replaced by an independent grants commission on the model of the arrangement which had just been put into operation in Britain.¹³⁹ (The CPUO had previously made the same request in a submission.¹⁴⁰) The British commission had grown out of the "Robbins Report," which was favourably quoted by various Ontario supporters of university autonomy. The British system provides the distribution of government grants to the universities through an intermediary "independent grants commission" in which universities are generously represented and which is not subject to direct government control.¹⁴¹ The Ontario opposition to the DUA was assisted in its support for such an intermediary by Bascom St. John, Globe and Mail education columnist. St. John appears to have enjoyed great prestige in the period; his columns were frequently cited by government, opposition, and university spokesmen. In particular, Donald MacDonald, New Democratic

¹³⁹Legislature of Ontario, Debates, 5 May 1964, 27th Legislature, 2nd Session (Toronto: Queen's Printer, 1964), pp. 2800-2804 (Liberals), p. 2816 (New Democrats).

¹⁴⁰Committee of Presidents of Provincially-Assisted Universities of Ontario, Submission to the Government of Ontario (Toronto: The Committee, 25 November 1963) (mimeographed).

¹⁴¹For the Robbins Report, see Great Britain, Committee on Higher Education, Report (London: Her Majesty's Stationery Office, 1963).

party leader, quoted St. John to the effect that

... in spite of the fact that the Premier has stated with unquestionable sincerity that there is no intention of interference with the autonomy of the universities, it remains true that the Department of University Affairs will exercise such an interference every time it says it will not approve a request from a university. The Government has kept university affairs in politics by the method it had adopted. Under the [DUA], the Government will be directly involved in the specific decisions of each and every building project and with the administrative budget of each university.¹⁴²

Despite the misgivings of the legislative opposition, the university presidents, and at least a segment of the press, the provincial government encountered little difficulty in instituting the Department of University Affairs along essentially the lines which it desired. Premier Robarts attempted to mollify criticism by contending that the DUA, working with the Advisory Committee on University Affairs, would provide as much protection to university autonomy as Britain's grants commission.¹⁴³ Although this won over few doubters, for all their rhetoric neither opposition party formally opposed the creation of the Department of University Affairs when it came to a vote.¹⁴⁴

¹⁴²Legislature of Ontario, Debates, 5 May 1964, 27th Legislature, 2nd Session, op.cit., p. 2811.

¹⁴³Ibid., pp. 2820-2821. Hanly notes that the Ontario government simply would not accept an independent grants commission. Hanly, op.cit., p. 139.

¹⁴⁴Stewart, op.cit., p. 504.

The institution of the new department and the further reorganization of the advisory committee caused some alarm in the Ontario university community, but did not goad the universities into the determination of long-range goals and coordination of priorities and academic offerings which the province had been soliciting from the universities at least since March 1962. There was surely some cause for complacency within the university community. By early 1966 the provincial financial commitment to the universities had quadrupled during that four year span (Table 3.2). It was furthermore quite evident that there would continue to be substantial increases in Ontario's financial support in subsequent years. In addition, enrolment projections widely accepted at the time forecast large annual increases well into the 1970's.¹⁴⁵

In a Frank Gerstein lecture at York University on 1 February 1966, University Affairs Minister Davis once again attempted to persuade the universities to "put their house in order." If nothing else, the theme of the Gerstein lecture reflected the fact that the universities had long been receiving nearly the full amount of their requests for provincial grants for both capital and operating purposes. In effect, the Minister strongly suggested in the lecture that unless the universities recognize "the total needs of society" and achieve economies

¹⁴⁵These projections are presented in the "Bladen Report": Commission to the Association of Universities and Colleges of Canada, Financing Higher Education in Canada (Toronto: University of Toronto Press, 1965), Chapters II and III.

of operation and greater cooperation and coordination of services, he could not guarantee that the provincial government would "stand idly by" indefinitely and continue to bankroll the universities' increasingly costly operation without initiating active interference.¹⁴⁶ No details of this threatened provincial action were offered. Amongst other specifics touched upon in the wide-ranging Gerstein lecture, the failure on the part of the universities to practise economies and to cut back all "unnecessary" competition and duplication amongst themselves was cited as justification for growing provincial government exasperation with the universities.¹⁴⁷ All in all, Davis' message seemed to be that the universities of Ontario could be as autonomous as they wished, except when provincial government interests were involved.

By the time of the Gerstein lecture, Ontario's universities had probably become so attuned to this series of government "proddings and cajolings," as W.G. Fleming has described the provincial policy,¹⁴⁸ that even the undisguised Davis threats spurred little overt activity inside the university community.

¹⁴⁶William G. Davis, "The Government of Ontario and the Universities of the Province," in Governments and the University (Toronto: The Macmillan Company of Canada Limited, 1966), p. 34.

¹⁴⁷Ibid., pp. 36-46.

¹⁴⁸Fleming, Ontario's Educative Society IV: Post Secondary and Adult Education, op.cit., p. 80.

However, as we shall see in Subsection 4, another recommendation of coordination of university activities emanated later in 1966 from an entirely different quarter, from within the academic community itself. On this occasion the universities responded with somewhat greater concern for harmonizing their operations than had been expressed previously:

The final major development in the relationship between the government and universities of Ontario in the middle 1960's came with the introduction of a formula finance scheme for the disbursement of provincial grants to universities. According to Douglas T. Wright, a onetime academic named chairman of the Committee on University Affairs in early 1967, the prevailing relationship between universities, government, and the CUA prior to establishment of the formula had become unsatisfactory from everyone's perspective.¹⁴⁹ As far as the interests of the universities were concerned, Wright warned that possible provincial government conduct of "detailed scrutiny leading to line-by-line budgetary control would erode autonomy until universities would become only extensions of the state ..."¹⁵⁰ The universities, for their part, were requesting as much assistance as they thought they could possibly receive,¹⁵¹ and the

¹⁴⁹D.T. Wright to J.R. McCarthy, Report, 28 July 1965, CUA Files, Archives of Ontario.

¹⁵⁰D.T. Wright, Paper for Session on Financing Higher Education (Toronto: Committee on University Affairs, February 1967), p. 3.

¹⁵¹Fleming, Ontario's Educative Society II: The Administrative Structure, op.cit., p. 369.

province had been largely complying with these requests. However, not all universities were impressed by the equitability of the manner in which the grants were distributed. There was general agreement amongst the universities that the largely informal system was open to abuse. We have already seen that the University of Toronto was more generously funded than her sister institutions. At least one university charged that inequities existed. Carleton University's president was suspicious of the Progressive Conservative provincial government's motives in offering what he considered to be niggardly grants to his institution, which happened to have a reputation for Liberal party sympathies.¹⁵² Wright implied that this twin problem of vast provincial grants and alleged inequitability would soon lead to a destruction of university autonomy unless some alternative could be devised.

This alternative proved to be the formula. The formula, instituted in 1967, is based upon a system of categories and weights to be applied to a "Basic Income Unit" which pertains equally to all provincially-assisted universities in the province.¹⁵³ This presumably rules out the danger of inequitable treatment or favouritism directed toward any university. The formula was expected by both universities and government to end the chaos of the earlier system and satisfactorily honour the requirements of university autonomy while placing some control

¹⁵² Ibid., p. 364.

¹⁵³ For a detailed discussion of the working of the formula, see ibid., pp. 372-376.

on provincial government expenditure.¹⁵⁴ Had these expectations been fulfilled, the universities' concern over potential provincial interference with their autonomy in the possible absence of a direct role of the federal government in financing their operation would have been minimized. However, as the discussion of Section D of this chapter indicates, the formula, once in operation, failed to achieve universal approbation as a protector of university autonomy from the meddling of the provincial government.

3. The Government of Canada and Ontario Universities during the Per Capita Grant Programme: The Federal Government Perspective

Once the fifty cents per capita scheme was underway, the universities, normally through the National Conference of Canadian Universities and its successor Association of Universities and Colleges of Canada, continuously lobbied with the federal government for more generous and more extensive assistance to higher education. For its part, Ottawa's activity during the period was largely reactive, usually in response to university rather than provincial initiatives. In this subsection the evolving federal policy towards the universities of Canada over the fifteen years of per capita grants is discussed, from the perspective of the concerns and priorities of the Government of Canada.

¹⁵⁴D.T. Wright, "A Provincial View of the Roles of the Federal Government, the Provincial Government and Industry," University Affairs (Vol. 8, No. 4, April 1967), p. 5.

Previous chapters of this thesis have made the point that, whatever the intent of the Fathers of Confederation or the precise wording of the British North America Act, federal officials have long considered universities to be under provincial jurisdiction. At the same time, Ottawa has been reluctant to relinquish all freedom of action in respect to universities. The per capita grants, paid directly to the universities of Canada, may be interpreted as a logical extension of the veterans assistance (part of which was also forwarded directly to the universities) which immediately preceded it, and as a legitimate instrument to assist the universities to supply the country with the services which are expected of them. At the time when the per capita grants were first offered, the federal setting was such that this was the prevailing view of the country, even within all the provincial governments save Quebec.¹⁵⁵ Consequently, in the 1950's the federal government was in a position to increase continually (though probably not decrease) the size of its university grants. In this period, there did not seem to be opposition in any quarter to the significant increases in direct grants which were requested by university spokesmen throughout the life of these grants.

¹⁵⁵ See above, Chapter II, Part One, Section D, for a discussion of the federal setting in this period. But note below in Chapter IV, Section C, that Premier Frost later claimed to have entertained misgivings about a federal programme which extended direct assistance to all universities in Ontario.

Thus, the per capita grants programme, once in operation, perhaps inescapably proved to be increasingly costly to the federal government. The scheme's inequities, based as it was upon population rather than enrolment or educational costs, were apparently of genuine concern only within the federal bureaucracy. As an example of this feeling, K.W. Taylor of the Department of Finance dispatched a letter and a memorandum to J.W. Pickersgill of the Prime Minister's Office in early 1952, noting that under the per capita system universities in some provinces received much more money per student than those in other provinces. Taylor cited the Ontario per student figure for the first year of the programme as over \$120, and Nova Scotia's as merely a little over \$90. Taylor also noted that a flat rate per student (he suggested something in the range of \$120) of per capita grants divided in proportion to enrolment in each university would be more equitable than the existing programme, but ran the risk of universities "padding" enrolments to obtain more money. Therefore, auditor's certificates might be necessary under such revised grants schemes.¹⁵⁶ Pickersgill's response to these submission is unknown. In any case, possibly because arguments similar to Taylor's were not pressed within the universities or the provincial governments, the essential structure of the per capita programme was never revised by the federal government during its period of existence.

¹⁵⁶K.W. Taylor to J.W. Pickersgill, Memorandum, 13 May 1952, Department of Finance files.

The open ended character of the per capita grants became clear to the federal government by 1956, when Canadian universities were commencing their great period of expansion. At the November 1956 conference of the NCCU, where Prime Minister St. Laurent was an honoured guest, the university spokesmen asserted that a crisis existed and pressed their case for greatly increased federal assistance to help subsidize the expansion of enrolment and facilities which was just underway.¹⁵⁷ It must be noted that this was a very different appeal from the one five years earlier, when federal funds were both requested and offered simply to permit the universities to continue to operate at the existing level. Even so, the Prime Minister announced to the receptive assemblage a doubling of the federal grants to one dollar per capita. The founding of the Canada Council was declared on the same occasion.¹⁵⁸ It was apparently not observed at the time, inside or outside the Government of Canada, provincial governments, or universities, that for the first time in Canadian history the central government had committed itself to assiting substantially what promised to be (in contrast to the grants for veterans) an indefinite but undoubtedly lengthy and costly programme of expansion of university facilities in Canada.

¹⁵⁷N.A.M. MacKenzie, "Government Support of Canadian Universities," in C.T. Bissell, editor, Canada's Crisis in Higher Education (Toronto: University of Toronto Press, 1957), pp. 192-197.

¹⁵⁸Louis S. St. Laurent, "Address by the Prime Minister of Canada the Right Honourable Louis S. St. Laurent," in ibid., pp. 249-257.

The gratitude of the universities over the doubling of the federal grants did not persist for long. The great annual increases in enrolment and expenses in the late 1950's rendered the one dollar per capita grant inadequate in the estimation of the universities almost as soon as it was offered. The federal grants was increased in 1958 to one dollar and fifty cents per capita and to two dollars per capita in 1962. By 1960, federal support to post-secondary (largely but not exclusively university) education in Ontario was close to one-quarter of the total cost of such services, and somewhat more than one-half of the provincial government share (Table 3.4). From that point onward, as provincial grants annually increased greatly, the federal government contribution to the universities of Canada became relatively less significant each year. By 1965, in Ontario, the federal contribution to post-secondary education was scarcely twenty-five per cent of the provincial share, while it had been over fifty per cent of the provincial grants only five years previously (again Table 3.4). Similarly, the federal grants to Ontario universities, which in 1960-1961 was about one-third of the total provincial grants, had dropped five years later to less than one-tenth of the provincial grants (Table 3.2). This greatly diminished relative federal role is accounted for by two factors. They are the remarkable annual increases in the Ontario government's grants to universities, and the reluctance of the federal government to keep pace with these provincial expenditures. In particular, after 1962 Ottawa

ceased to make any upward adjustments in its grants for four years and thereby fell far behind the provinces in its contribution to university finance.

By 1964, the university community was understandably apprehensive about the apparent decline in federal government interest in subsidizing Canadian universities. The national enrolment increase in universities in 1964-1965 alone was nearly twenty thousand, the largest annual gain up to that time (Table 3.1). Meanwhile, federal grants continued virtually unchanged at two dollars per capita. The Association of Universities and Colleges of Canada (since 1962 the successor of the National Conference of Canadian Universities) engaged a commission in 1964 "to study, and ... make recommendations on the financing of universities and colleges of Canada with particular reference to the decade ending in 1975."¹⁵⁹ The commission was manned by four academics, and was chaired by Vincent W. Bladen, Dean of the Faculty of Arts and Science at the University of Toronto. It was a foregone conclusion from the many submissions which the NCCU and AUCC had offered to the federal government over the years that the Bladen Commission would paint a picture of an acute crisis in the universities necessitating vast augmentation of public, particularly federal, support. Nevertheless, both federal and Ontario governments closely followed the Bladen

¹⁵⁹Commission to the Association of Universities and Colleges of Canada, op.cit., p. vi.

Commission hearings, and both largely agreed with the predictably expensive enrolment and cost projections and recommendations of its June 1965 report.¹⁶⁰

One recommendation of the Bladen Report was that the federal per capita grant be more than doubled from two dollars to five dollars per capita at once and thereafter increased at the rate of one dollar per capita each year.¹⁶¹ Shortly after the report was issued, in October 1965, an AUCC delegation met with Prime Minister Lester Pearson to press for these levels of federal assistance. Prior to this meeting, senior officials of the Prime Minister's Office, suggested to the Prime Minister in a memorandum that the Bladen recommendation of larger grants stemmed from two concerns within the university community. First, the universities feared that provincial governments would not grant them sufficiently high priority in their own expenditures. Second, the universities were concerned that unless federal assistance were greatly increased, the universities would fall under ever-increasing provincial control.¹⁶²

¹⁶⁰ Senior Finance officials concurred in the Bladen cost and enrolment projections. Memorandum, 9 October 1965. Interviews with officials in the Department of University Affairs and the Ministry of Treasury, Finance, and Intergovernmental Affairs, Ontario, have suggested that Ontario officials shared this opinion.

¹⁶¹ Commission to the Association of Universities and Colleges of Canada, op.cit., p. 68.

¹⁶² Memorandum, 13 October 1965, Department of Finance files.

There were serious misgivings amongst the Cabinet's advisors about the levels of federal government support requested by Bladen. Senior officials were dubious about the possibility that sufficient university staff could be located or generated to provide educational facilities for the large numbers of students in Bladen's projections.¹⁶³ The Prime Minister raised this question at his meeting with the AUCC delegation. The delegation's response that government assistance to graduate work should be sharply increased to allow more faculty prospects to be turned out of graduate schools was deemed by senior officials to be weak and insufficient.¹⁶⁴ Shortly thereafter, the Department of Labour seconded this position in a memorandum which speculated that if universities were greatly expanded there would be a drain of needed manpower from industry and government, unless there was an intensive effort to recruit staff in Europe and the United States.¹⁶⁵

Senior Privy Council Office and Finance officials also raised the fundamental question of just why the federal government should subsidize universities at all. This seems to represent the first time in the Department of Finance files that this issue was addressed. One of these officials attended

¹⁶³ Letter, 15 October 1965, Department of Finance files.

¹⁶⁴ Ibid.

¹⁶⁵ Department of Labour, Memorandum, 25 October 1965, Department of Finance files, p. 5.

the AUCC annual meeting of late October 1965, and was left with the impression that the university representatives were not interested in Ottawa's exercising any influence on either the nature or direction of university education in Canada. Rather, he believed that the universities looked to the federal government to affect only the general scale of Canadian university education, namely, to assist in its expansion to the greatest extent possible. He implied in his notes written after the AUCC meeting that if this is the role expected of Ottawa by the universities, the federal government needs to direct itself to the implications of such a scale and to whether Ottawa should attempt to achieve it.¹⁶⁶ The Department of Finance was particularly concerned by the cost and availability of the faculty members necessary to cope with the projected enrolment increases.¹⁶⁷ It was suggested that the AUCC delegation be asked why a direct federal role in subsidizing universities was preferable to federal efforts to increase provincial resources.¹⁶⁸ The response of the delegation to this question is not known, but at the AUCC meeting two weeks later Edward Sheffield of the AUCC Secretariat reminded Deputy Minister of Finance R.B. Bryce that universities produce high level manpower

¹⁶⁶ Notes, undated, Department of Finance files.

¹⁶⁷ Ibid.

¹⁶⁸ Memorandum, 13 October 1965, op.cit.

essential to the national economy.¹⁶⁹ The unstated implication was that Ottawa should maintain a direct involvement in so crucial an activity. It cannot be determined whether Bryce was propitiated by this argument, but second thoughts concerning the appropriateness of federal assistance to Canadian universities did not again appear in the Department of Finance files until near the end of the 1960's.

Despite the reservations of at least some of his advisors, the Prime Minister publicly agreed with many of the positions of the Bladen Report and the AUCC delegation. Pearson accepted Bladen's enrolment projections, and vaguely promised the universities that "the Federal Government is fully prepared to contribute to university financing in a way which, in combination with appropriate provincial action, will enable all parts of the country to meet university needs."¹⁷⁰ The Prime Minister also promised that there would be an early federal-provincial conference to consider the Bladen Report's recommendations.

Meanwhile, early in 1966 the federal government formally complied with the Bladen Commission recommendation that the per capita grants be increased from two to five dollars. (The

¹⁶⁹ Association of Universities and Colleges of Canada, Draft Minutes of AUCC Annual Meeting (Ottawa: The Association, 25 October 1965), p. 6. (mimeographed)

¹⁷⁰ Lester B. Pearson, "Reply of the Prime Minister," University Affairs (Vol. 7, No. 2, December 1965), p. 7.

increase commenced in 1966-1967, one year later than Bladen had requested.) However, this was only to be a stopgap measure, as the federal-provincial conference just mentioned was scheduled for later in 1966. The more than doubling of the federal grant brought the federal contribution to Ontario universities up to approximately one-fifth of the provincial grants, which in spite of the large increase was still comparatively much less than it had been just five years before (Table 3.2). Also in accordance with the Bladen Commission's suggestions, the new grants were related to actual enrolments on the basis of a weighted formula which, like Ontario's formula for provincial grants which was instituted in the following year, provided larger sums of money for enrolment in more expensive programmes (such as graduate and medical students) than for enrolment in less costly studies. Even part-time enrolment was taken into consideration for the first time.¹⁷¹ Also, special consideration was made for out-of-province students, permitting the universities in provinces with large numbers of such students (such as Ontario and Nova Scotia) to receive somewhat larger grants than would otherwise be the case.¹⁷²

As the federal-provincial conference to revamp the federal grants scheme approached, it appeared that the federal government

¹⁷¹Fleming, Ontario's Educative Society II: The Administrative Structure, op.cit., p. 391.

¹⁷²Peitchinis, op.cit., p. 81.

had accepted the argument previously cited that the universities of Canada were so crucial to the cultural life and economic health of the country that direct and substantial federal assistance was appropriate as the universities greatly expanded their facilities. Possibly unbeknownst to the universities, however, federal civil servants early in 1966 were already attempting to devise a means of subsidizing the universities which did not involve direct grants. This form of assistance was coming under increasing private attack from Ontario as a violation of provincial jurisdiction in education.

4. The Period of Federal Per Capita Grants: The University Perspective

At least since the 1944 NCCU submission requesting the federal government to assist the universities to accommodate the anticipated influx of veterans, the university lobby in Canada has repeatedly turned to Ottawa for financial aid. As a senior official noted in 1965, the Canadian university community is wary of too close an association between universities and provincial governments, and desires the federal government to provide a steady second source of income. University representatives believe that the autonomy of their institutions is best maintained when they are supported by a variety of sources, no one of which is dominant. In this sense two masters are more desirable than one. However, it is already clear from the discussion of this chapter that during the life of the federal per capita grant scheme the contribution to and involvement of

the government of Ontario in the province's universities steadily increased, especially in the 1960's. This subsection considers the efforts of the university community, both in Ontario and in Canada as a whole, to influence federal and provincial government policy in respect to university finance. These activities are of particular significance for an understanding of the federal-provincial relations which are discussed in the following chapter. Both levels of government, Ottawa more so than the provinces, in some degree have conformed their policy positions in their mutual dealings to the interest of the university community as articulated by its spokesmen.

The strength and credibility of the university lobby increased dramatically as government involvement in university finance grew. In the 1950's, the NCCU's activities in university finance were limited to occasional submissions to governments and commissions, and the 1956 conference, where the decade's most forceful attempt to document "Canada's crisis in higher education" was undertaken. At that time, such now-familiar and continuing advocates of a strong federal role in universities as the AUCC's monthly University Affairs and the CAUT's CAUT Bulletin either did not exist or were in their infancy. University Affairs made its first appearance in October 1959 as a quarterly of a few pages per issue. The CAUT Bulletin dates from 1952. It too has expanded from an infrequently published pamphlet to a much larger monthly periodical. Similarly, Canadian University (now Canadian University and College), a publication for uni-

versity executives and administrators, did not appear until 1965. We may note that not one of these publications existed at the time of the introduction of the federal per capita grants of 1951.¹⁷³ In all of these periodicals university spokesmen have communicated their concerns amongst at least segments of the university community, and, to the extent that this had been possible, they have discussed strategy for approaching both levels of government within their pages. Much like the periodicals, pamphlets and books issued from the university community in great numbers beginning in the early 1960's. The contrast between the literal flood of printed material representing the points of view within the Canadian university community in the 1960's and the trickle of submissions and other offerings which preceded it is indeed striking.

Compounding this near-revolution in the printed output of the university community was the increase in its organizational numbers and strength during the 1960's. In Ontario, for example, the Ontario Council of University Faculty Associations (OCUFA) emerged in the 1960's as a vigorous lobby within the Canadian Association of University Teachers, which has had frequent dealings with the provincial government. We have noted that the

¹⁷³In the absence of these journals, Saturday Night briefly presented the argument for federal grants in 1951. Robert Pyle, "Universities Need More Cash," Saturday Night (Vol. 66, No. 31, 8 May 1951), pp. 10-11.

introduction of the Committee of Presidents of Provincially-Assisted Universities of Ontario was virtually coerced by the Ontario government in 1962. Nonetheless, once in existence, this committee advanced the university position to the sometimes reluctant provincial government far more forcefully than the presidents previously had been able to do individually. The Canadian Association of University Teachers, although founded in 1951, did not press its views on university development to governments with any forcefulness until the early 1960's. These efforts have built steadily since that time, to the extent that CAUT is as vocal in articulating its positions in the 1970's as is the AUCC.

As the university lobby increased in size, the frequency and urgency of its appeals to governments grew apace. By the early 1960's, it became a matter of routine for university spokesmen to request large increases in provincial and (especially) federal assistance in the face of some short term or continuing emergency or crisis. In general, the argument forwarded by the universities offered two principal reasons for the desired level of assistance (recalling the four arguments for rapid university expansion discussed in Section 2, Subsection a.) The brunt of their position was borne by economic considerations. In this solicitation the universities endeavoured to demonstrate that, in effect, huge financial investments in university education more than paid for themselves in bringing returns of economic growth and prosperity. The university spokesmen presented

the second appeal to government much less frequently than they did to each other. This was the argument in favour of education more or less of its own sake, that is, for its intrinsic worth. University training, so the argument runs, is a positive good in and of itself, both for the cultural enrichment of the individual and the general benefit to the society which possesses such people.

The economic argument for increased government expenditure on higher education almost always centres on the contention that the money channelled into universities is an investment which repays itself many times over in the future, usually the near future. For example, G.C. Andrew, in his discussion of the Bladen Report's ambitious university enrolment and cost estimates for the late 1960's and early 1970's, suggested that these forbidding projections be considered in relation to the great increases in Gross National Product which such an investment in education would produce.¹⁷⁴ Indeed, Andrew implied that the GNP would grow so rapidly that this improvement would provide ample sums of money to governments for their other expenses.¹⁷⁵ J.A. Corry, another proponent of a strong federal role, invoked visions of national greatness and prestige for

¹⁷⁴Dr. G.C. Andrew, "The Bladen Report: Its Impact on Governments," Canadian University (Vol. I, No. I, March-April 1966), p. 26.

¹⁷⁵Ibid., p. 26.

Canada to accompany her economic prosperity: "In the competition of nations for power, place and welfare, the prizes are going to the countries that bet on education."¹⁷⁶

As often as not, these economic appeals included references to Canada's allegedly unfavourable position relative to the United States, in respect to both economic growth and educational attainment. In general, the position usually taken was that the purportedly superior accomplishments of the United States in these two fields are intimately related, and that if Canada wishes to match her neighbour in economic growth, she should go about it by equalling her much higher rate of university enrolment. (Put rather informally, the message from the universities to government was: Give us what we want now to get what you want later.) This argument was afforded its greatest credibility by the Economic Council of Canada's Second Annual Review in late 1965, which was taken quite seriously by government at both federal and provincial (at least Ontario) levels.¹⁷⁷ The Council concluded that the real income per person in the male labour force was approximately one-fourth higher in 1961 than it would have been had the average educational level of the

¹⁷⁶J.A. Corry, "Higher Education in Federal-Provincial Relations," University Affairs (Vol. 8, No. 2, December 1966), p. 3.

¹⁷⁷Economic Council of Canada, Second Annual Review (Ottawa: The Council, 1965), p. 93. Federal Department of Finance files and interviews with Ontario government officials support the high credibility afforded the ECC's studies.

labour force remained at the 1911 level. By contrast, in the United States, the income level of 1961 was fully forty per cent higher for reasons attributable to education.¹⁷⁸ The obvious conclusion of the Council was that "very considerable scope would appear to exist in Canada to promote the growth of average per capita income by improving the educational stock of the labour force," and that consequently "this reinforces the need for sustained and unflagging efforts to strengthen and extend the educational base for the long-term growth of the economy and living standards of Canadians."¹⁷⁹

In a study from the Economic Council of Canada which was released shortly after publication of the Second Annual Review, G.W. Bertram carried the argument further. Bertram claimed that "Canadian average income would be from seven to eight per cent higher, other things being equal, if the Canadian labour force had attained educational levels prevailing in the United States."¹⁸⁰ What is worse, the gap between the two countries' levels of educational attainment widened between 1920 and 1962, so that "the margin by which the United States exceeds Canada at the university level for the 24-35 age group amount[s] to 145 per cent."¹⁸¹

¹⁷⁸Fleming, Ontario's Educative Society I: The Expansion of the Educational System, op.cit., p. 360.

¹⁷⁹Economic Council of Canada, op.cit., p. 93.

¹⁸⁰G.W. Bertram, The Contribution of Education to Economic Growth (Ottawa: Economic Council of Canada, 1966), p. 63.

¹⁸¹Ibid., p. 22.

The university community naturally exploited these findings. The fact that they had been reached by an officially non-academic group of experts seemed to document the universities' contention that there is a direct, causal relationship between education levels and national economic well-being. From early 1966 onward, spokesmen for universities uncritically quoted from the Economic Council of Canada's studies.¹⁸² One example of the representations of university interests at the time, courtesy of CAUT, is remarkable if only for the level of hyperbole which it attains: "In recent years we have come to see that higher education holds the keys not merely to leadership but to the whole social and economic development of our country, perhaps even to our survival."¹⁸³ In the aftermath of the Economic Council's reports, these arguments for indiscriminate expansion of higher education, with due allowances for exaggeration, were taken seriously by governments at both levels.

It is easily discernible from a perusal of these economic positions that they all point to the federal government as a legitimate, even necessary, participant in supporting university

¹⁸²Two examples of the practice are: Corry, op.cit., p. 3; Poland A. Manzer, "The National Organization of Canadian Education," Canadian Public Administration (Vol. V, No. 4, Winter 1969), pp. 495-496. Such references lessened when the tone of the Council's studies changed around 1970. On the new emphasis in ECC studies, see Section D of this chapter and Chapter IV.

¹⁸³Canadian Association of University Teachers, "The Public Financing of Universities: A Brief Presented to the Governments of Canada and of the Provinces," CAUT Bulletin (Vol. 14, No. 2, February 1966), p. 3.

education. The university representatives accordingly have refused to accept the proposition that federal assistance is unconstitutional. After all, Ottawa bears the ultimate responsibility for managing the national economy and fulfilling Canada's destiny as a nation. Manpower, for instance, always has been a federal function. Accordingly, arguments asserting the need for more skilled manpower for Canada as a whole have been directed to Ottawa, not the provincial capitals. A good example of the kind of appeal inevitably addressed to the federal government was offered by John Deutsch in 1965: "... a considerable number of [Canadian businesses] are experiencing a scarcity of managerial, technical, and scientific personnel. Many of these firms expect this problem to become more acute in future."¹⁸⁴

The "national greatness" and national integrity appeals are also uniquely applicable to the government responsible for the country as a whole. J.A. Corry probably has articulated this argument best. In a speech at Banff in 1967, Principal Corry claimed that Ottawa's continuing role in university education was essential for the preservation of the identity of Canadians as Canadians rather than as citizens of provinces.¹⁸⁵

¹⁸⁴ John J. Deutsch, "Education for National Growth," Atlantic Advocate (Vol. 55, No. 9, May 1965), p. 15.

¹⁸⁵ Dr. J.A. Corry, "What Will Be the Effect of Decentralization of Governmental Authority and New Taxation Policies on the Achievement of National Goals in Education?", in Banff School of Advanced Management, Proceedings of a National Conference on the Economics of Unity Held at the Banff Centre for Continuing Education October 15th to 16th 1967 (Banff: The Centre, 1968), p. 176.

Corry also raised the spectre of "closed" and "exclusive" provincial university systems, keeping out or discriminating against students from outside the province. Although Corry conceded that these conditions did not exist at the time, he warned that they were a definite possibility in the future should the federal government withdraw completely from university education.¹⁸⁶ In an address the previous year, Corry went further and suggested that social stability within Canada might be threatened should the desperately needed expansion of the universities of the country not be achieved. A new spectre representing a potential threat to Canadian unity was raised, the image of the Berkeley riots in California. Corry implied that "inadequate facilities and inadequate low quality teaching staff" would incur "the bitter resentment of thousands of young people who know that their future depends largely on the quality of education they get."¹⁸⁷

It cannot be determined to what extent the "national interest" argument or Principal Corry's doomsaying affected federal government policies. Department of Finance files reveal occasional internal studies in which attempts were made to specify the kind or size of return which might be expected from federal investments in post-secondary education. However, such undertakings do not begin to appear in the files until the entries for

¹⁸⁶ Ibid., pp. 176-177.

¹⁸⁷ Corry, "Higher Education in Federal-Provincial Relations, op.cit., p. 1.

late 1968, some time after the decisive federal policy shift of October 1966. The files give the impression that prior to 1968 the education-economy relationship was accepted as uncritically in Ottawa as it apparently was in provincial governments and universities. For example, it was decided at a meeting of civil servants in 1966 that, in the absence of a clear definition of national needs, all kinds of formal education may be considered to be equally in the national interest.¹⁸⁸ Besides, once these internal studies do appear, they fail to reach any firm conclusions, at least in the late 1960's. One such study, a Background Paper in the Department of Finance, determined that objective verification of the return from investment in post-secondary education in comparison with alternative public investments simply is impossible to quantify.¹⁸⁹ In one important respect, however, this study did reaffirm one element of the universities' appeal. The Background Paper seemed to concur with Principal Corry in its suggestion that the social climate of the time was such that unrest would ensue if university level enrolments were restricted.¹⁹⁰

¹⁸⁸ Unsigned Memorandum, 16 May 1966, Department of Finance files, p. 2.

¹⁸⁹ Department of Finance, Background Paper, 28 October 1968, Department of Finance files, p. 6.

¹⁹⁰ Ibid., p. 7.

While economic appeals bore the brunt of the arguments of the university community for increased federal and provincial assistance, now and then, and particularly amongst themselves, academics have argued for government assistance to higher education because of the intrinsic qualities of this training. For example, in the 1961 proceedings of the conference of the National Conference of Canadian Universities and Colleges, once the standard economic appeal was presented,¹⁹¹ there followed a much briefer discussion of the role of the university in promoting excellence, or "individual fulfilment."¹⁹² A decade later, C.B. Macpherson expressed indignation that governments and commissions (in this case the Commission on the Relations between Universities and Governments, or Hurtubise-Rowat Commission, which is discussed below in Section D of this chapter) fail to realize that the "pre-eminent functions of university [are] the increase of knowledge, and the criticism of all aspects of society and culture."¹⁹³ Perhaps Macpherson was unfamiliar with the briefs and submission from university interests to governments and commissions. Most have stressed economic considerations to the virtual omission of the "increase of

¹⁹¹Claude Bissell, "The Problems and Opportunities of Canada's Universities," in Davidson Dunton and Dorothy Patterson, editors, Canada's Universities in a New Age (Ottawa: Le Droit, 1962), pp. 5-7.

¹⁹²Ibid., p. 7.

¹⁹³C.B. Macpherson, "Review of The Report of the Commission on the Relations between Universities and Governments," CARF Bulletin (Vol. 19, No. 2, Winter 1971), p. 100.

knowledge," As for "the criticism of all aspects of society and culture," university spokesmen rarely refer to this except when communicating with one another! Finally, there may be another reason for the emphasis on practical matters in university appeals. Perhaps in an unguarded moment, Dr. Andrew Stewart, President of the University of Alberta, conceded in 1954 that "discussions of the development of [the individual] are not concrete enough for most people ... the process must be explained to people in the simplest possible terms ..." ¹⁹⁴ In sum, the argument for government assistance to universities for non-economic purposes is largely presented within the university community itself. It is apparently assumed that governments are more likely to respond to a quite different line of argument.

The university community has not been fully content with a federal government role in universities limited to financial aid. On a number of occasions since the 1950's there have been appeals for some kind of federal education or higher education office to be established in Ottawa. We may recall that the NCCU had made a somewhat similar suggestion as early as the 1920's. Possibly the most detailed argument for such an office was presented by Dr. G.C. Andrew of the AUC in 1967. Dr. Andrew asserted that the federal bureaucracy was incapable of coordi-

¹⁹⁴ Dr. Andrew Stewart, "Financing Education: An Economist's View with Some Personal Bias," Canadian Education (Vol. IX, No. 4, September 1954), p. 79.

nating its diverse educational, cultural, and research interests, due to the "mishmash of agencies" handling the various federal programmes of assistance to universities.¹⁹⁵ He proposed a federal office "to competently represent the federal government's interest in negotiations with provinces."¹⁹⁶ The authors of Department of Finance files do not address this appeal directly, but there seems to be a pervasive underlying assumption in the files that such a federal agency would not be acceptable to the provinces.¹⁹⁷ However, the files do contain admissions, at least after 1966, that the Ministries of Secretary of State and Finance experienced difficulty in setting jurisdictional boundaries on assistance to universities between themselves.¹⁹⁸

Related to the universities' desire for a federal education office to coordinate and rationalize federal university policy was a 1961 proposal by University of Toronto president Claude T. Bissell that a "Universities House" be established

¹⁹⁵Dr. G.C. Andrew, "What Will Be the Effect of Decentralization of Governmental Authority and New Taxation Policies on the Achievement of National Goals in Education?", in Banff School of Advanced Management, op.cit., pp. 191-192.

¹⁹⁶Ibid., pp. 193-194.

¹⁹⁷The official's notes following the AUCC meeting of 25 October 1965 tended to support the notion that federal officials concluded that provincial opposition to a federal agency made the establishment of such an instrumentality impossible. Notes, op.cit.

¹⁹⁸Department of Finance, Memorandum, September 1969, Department of Finance files, pp. 3-4.

at Ottawa to integrate and articulate the interests of the universities in respect to the federal government.¹⁹⁹ In his argument for such an institution Bissell noted the "lethargic" nature of the NCCU up to that time.²⁰⁰ Apparently nothing came of Bissell's suggestion (despite the editorial endorsement of the Globe and Mail²⁰¹), but in subsequent years, as we have noted, appeals directed from university interests to the federal government increased greatly in both number and urgency. It is doubtful, however, that these activities have accomplished the coordination which the more or less unified body proposed by Bissell presumably was intended to achieve.

Bissell's "Universities House" was in a sense an effort to induce the universities to "put their own house in order" in respect to the federal government. Attempts by the Ontario government to force the universities to do much the same thing in their decidedly more important relationship with the province have been largely unsuccessful, as we know. Even in the 1960's as the provincial government conspicuously increased its significance as a source of university financing, and expanded its organizational apparatus for directing provincial policy toward universities, Ontario's universities would not rationalize their activities. This reluctance seems rooted in the sincere belief

¹⁹⁹Bissell, op.cit., p. 9.

²⁰⁰Ibid., p. 9.

²⁰¹Roy LaBerge, "Canada's Universities in a New Age," University Affairs (Vol. 3, No. 2, December 1961), p. 3.

in university autonomy within the university community. The interpretation of university autonomy which has prevailed amongst academics in Ontario is perhaps best illustrated by the reaction to the recommendations of the Committee to Study the Development of Graduate Programmes in Ontario (the Spinks Committee). This three-man inquiry was instituted in 1965 jointly by the Committee on University Affairs and the Committee of Presidents of Provincially-Assisted Universities of Ontario. The Spinks Committee remarked that "the most striking characteristic of higher ... education in Ontario is the complete absence of a master plan, of an educational policy, and of a co-ordinating authority" for the universities of the province.²⁰² The committee recommended, inter alia, that the Ontario universities be merged into a "University of Ontario," under a Chancellor (or President) and a non-academic Board of Regents, to be patterned roughly after the New York state university system.²⁰³ A "strong co-ordinating agency" was recommended to save this super-university from provincial government control. The Spinks Committee cited the fortuitously-timed Gerstein lecture of University Affairs Minister Davis as evidence that unless this coordination was achieved soon, provincial meddling with Ontario's universities was "highly probable."²⁰⁴

²⁰² Commission to Study the Development of Graduate Programmes in Ontario Universities, op.cit., p. 77.

²⁰³ Ibid., p. 140.

²⁰⁴ Ibid., p. 81.

All of these arguments from the Spinks Committee were received coolly within the university community. At the Committee on University Affairs meeting of 3 November 1966, Principal Corry reported with evident satisfaction that the above-mentioned Spinks recommendations were met with "absolutely no enthusiasm" in Ontario's universities.²⁰⁵ This is the same Principal Corry who was at that very moment a fervent champion of federal government assistance to universities, amongst other reasons to minimize the threat of provincial domination. The explanation for the reluctance of the universities to countenance such coordination of their activities even from within their community, either through the Spinks suggestions or the much milder but also stillborn "Council of Universities of Ontario" proposal of a few years later,²⁰⁶ was that Ontario's universities traditionally have preferred to think of themselves as individually autonomous. Each one has wished to make its own decisions and set its own standards. Even when threatened with provincial government

²⁰⁵Committee on University Affairs, Minutes, 3 November 1966, CUA Files, Archives of Ontario, p. 11. Corry's public critique is found in J.A. Corry, "The Spinks Report," University Affairs (Vol. 8, No. 3, February 1967), pp. 3-5. Another negative assessment of the Spinks recommendations from a CPUO member is John B. Macdonald, Change and the Universities: University-Government Relations, Address to the Institute of Public Administration of Canada, St. John's, Newfoundland, 5 September 1969, pp. 11-13. (mimeographed).

²⁰⁶For a favourable discussion of the Council of Universities of Ontario see Macdonald, op.cit., pp. 21-24.

interference, Ontario's universities have been more willing to assume that risk (while continuing to appeal for significant federal assistance) than they have been to surrender part of their autonomy to a "super-agency" of whatever composition.

Despite the fact that the universities of Ontario have continuously urged substantial federal government involvement in university finance, and notwithstanding the insistence of each of Ontario's universities on maintaining its own autonomy, there was grudging acknowledgement in the university community of the new reality of provincial ascendancy as the 1960's proceeded. In 1964, Edward Sheffield described "provincialism" in the organization of higher education in Canada as a whole as the "most striking trend" of the 1963-1964 academic year.²⁰⁷ In the same article, Sheffield nevertheless called for "some sort of federal-provincial organ, including representation from the universities," to formulate a national policy for higher education, and partly no doubt to help stem the tide toward "provincialism".²⁰⁸ When this and similar recommendations of a direct federal role were rejected and the 1966 changes made the federal contribution to universities an indirect one, R.D. Mitchener acknowledged the reality of 1968: "Suffice to say now that government support of universities tends at present

²⁰⁷Edward F. Sheffield, "Review of the University Year 1963-1964," University Affairs (Vol. 6, No. 1, October 1964), p. 1.

²⁰⁸Ibid., p. 1.

to mean provincial support."²⁰⁹ But acknowledgement does not constitute acceptance, much less approval. University spokesmen have continued to press for a strong and direct federal presence in higher education. Their appeals have been maintained well into the 1970's in the face of an essentially static federal policy of indirect support for universities through the provincial governments.

All in all, Canada's universities have attempted at least since 1944 to obtain a significant portion of their operating revenue from the Government of Canada. The universities recognize that the provinces (including Ontario) are becoming increasingly dominant sources of support, but this awareness only reinforces their eagerness to protect their autonomy by maximizing federal assistance. Of course, the universities also desire a high level of provincial government aid, as long as it is not relatively large enough to constitute a danger to their autonomy. They are willing to risk losing their autonomy to the province altogether, when pressured by the province to coordinate and rationalize their activities. Thus, Ontario's universities constitute a vocal and assertive third force which both provincial and federal governments must take into consideration, but to which they need not defer, when they attempt to formulate national university financing policies.²¹⁰

²⁰⁹ R.D. Mitchener, "The Pattern of University-Government Relationships in Canada," CAUT Bulletin (Vol. 17, No. 2, December 1968), p. 12.

²¹⁰ An attempt to evaluate the effectiveness of the university lobby is undertaken in Chapter VI.

D. The Late 1960's: A Provincialized System

Beginning in 1967, the relationship amongst federal government, provincial governments, and universities changed substantially with the introduction of the Federal-Provincial Fiscal Arrangements Act. The events surrounding this piece of legislation command much of our attention in Chapter IV, but the essential features of this watershed event must be outlined here before the subsequent federal and provincial government relations with universities can be considered. Prior to 1967, the Government of Canada offered per capita grants directly to Canada's universities, for the universities to spend in any manner they wished.²¹¹ The size of the grants increased from fifty cents per capita of the provincial population to five dollars per capita in the final year of the programme. The universities, but not all provinces, were pleased with a scheme whereby the grants bypassed provincial governments and permitted the universities full freedom of disbursement. In October 1966, the federal government unveiled a totally new method for assisting universities. Commencing with the 1967-1968 academic year, the direct grants to the universities were discontinued and were replaced by a fiscal transfer scheme. Under this new arrangement, in effect, provinces were one-half of the total operating (but

²¹¹ It may be recalled that in the early years of the per capita grant programme, the grants were intended to assist the universities to maintain their existing level of operation, not to finance expansion. However, at all times the universities could, and did, spend the federal funds however they wished.

not capital) costs of all post-secondary education exceeded fifteen dollars per capita were transferred four personal income and one corporation income tax points, plus, if necessary, an additional, supplementary fiscal transfer to bring the total transfer each year to fifty percent of operating costs. In the three provinces where per capita post-secondary operating costs were lowest (Prince Edward Island, New Brunswick, and Newfoundland), that is, where one-half of these costs in 1966 were less than fifteen dollars per capita, the tax points were supplemented by a fiscal transfer to bring the total transfer each year to fifteen dollars per capita. Thus, in Ontario and in most other provinces, the federal contribution to universities was funnelled through the provinces but was tied to provincial expenditure to universities in such a way that the larger the provincial assistance to universities, the greater the federal transfer.

From the perspective of the government of Ontario, this shift in federal policy was welcome for three reasons above all. First, there would no longer be the "unconstitutional" direct grants from Ottawa to the universities. Henceforth, nearly all grants to the universities from public sources would be disbursed by the province in accordance with provincial priorities. Second, the new scheme involved the transfer of tax points to the province, which Ontario officials generally favour as a device to assist the province to finance its own responsibilities. Third, the flow of money from Ottawa to Toronto was greatly increased. Table 3.2 indicates the supplementary fiscal transfer

only; after one year of the new programme this transfer alone far exceeded the annual per capital grants, even at the five dollars per capita level. Moreover, the value of the tax points transferred to Ontario has been annually not less than \$200,000,000, and in recent years it has approached \$300,000,000, bringing the total annual fiscal transfer to Ontario for all post-secondary education by the middle 1970's to something in excess of \$400,000,000.²¹² (There have also been difficulties with the new programme from the provincial point of view. They have largely concerned assistance to denominational schools and federal government efforts to reduce its share of the costs. These problems are considered in Chapters IV and V.)

Although the introduction of the new programme seemingly granted the provincial government full freedom to direct its universities in any manner it chose, there was little evidence in the late 1960's that Ontario was (at least consciously) assuming authoritative control over the universities. As of 1968, David Cameron could detect no overall provincial master plan into which education at any level (or, for that matter, any provincial government activity) had been integrated.²¹³

²¹² Note that the costly system of Colleges of Applied Arts and Technology (CAATS) introduced in the middle 1960's has accounted for a large share of provincial, and hence federal, post-secondary education costs in Ontario. On recent distribution of the federal tax transfers and additional fiscal transfers, see Treasury Board, How Your Tax Dollar is Spent (Ottawa: Information Canada, 1974), p. 25.

²¹³ David M. Cameron, The Politics of Education in Ontario, with Special Reference to the Financial Structure (unpublished Ph.D. thesis, University of Toronto, 1969), pp. 512-513.

In a 1969 interview, Douglas T. Wright, Chairman of the Committee on University Affairs, affirmed that the provincial government and his committee had not established "a conscious set of priorities" for post-secondary education in Ontario.²¹⁴ Wright added that "by and large, the government only responds to [the university community's] initiative."²¹⁵ However that may be, Leslie Frost did suggest in a 1969 letter to Wright that the CUA was keeping the province's universities under some control: "The fact is that before your regime [which began in 1967] the Committee was pretty well defenceless against the assertions of the respective universities. Now, however, I am glad to say under your direction ... that the truth prevails."²¹⁶ The formula finance scheme was in full operation and was proving to be more controversial than initially anticipated, as we shall see presently. There was one development with the potential for nationwide coordination of provincial government education policies at all levels which may be attributed to the 1966 federal-provincial relations. This was the founding of the Council of [provincial] Ministers of Education (CME) in 1967, which is discussed in Chapter IV, Section II.

²¹⁴D.T. Wright, interviewed by Daniel Brache, 7 May 1969, CUA files, Archives of Ontario, p. 1. (mimeographed).

²¹⁵Ibid., p. 1.

²¹⁶Leslie Frost to D.T. Wright, Letter, 21 April 1969, CUA files, Archives of Ontario.

However accurate Wright's observations may have been, the Ontario university community was generally favourable to but not unanimously approving of the university-provincial government relationship in the early years of the life of the Federal-Provincial Fiscal Arrangements Act. The universities would have preferred that the direct federal grants had continued, but they were consoled by the fact that provincial grants to universities increased substantially in this period. It should be recalled that the provincial grant figures in Table 3.2 for 1967-1968 onward incorporate the universities' share of both the fiscal transfer of the third column and the tax points which were transferred from Ottawa to the province. Therefore, roughly half the provincial operating grants to universities since 1967-1968 in effect have comprised funds originating with the federal government.

In general, under the formula scheme university spokesmen were more or less satisfied with both the level of provincial support and the degree of autonomy which the province permitted them to exercise. In Collective Autonomy, the Second Annual Review of the Committee of Presidents of Provincially Assisted Universities of Ontario, published in 1968, the presidents upheld formula financing after its first year as affording "each university substantial freedom to budget according to its own priorities."²

²¹⁷ Committee of Presidents of Provincially-Assisted Universities of Ontario, Second Annual Review: Collective Autonomy (Toronto: The Committee, 1968), p. 36.

Likewise, in its report the following year, the CPUO acknowledged that Ontario's universities were under "loose state control, where the essence of their autonomy is preserved."²¹⁸ Admitting that full university autonomy was no longer possible, the Committee, in a brief to the Hurtubise-Rowat Commission in late 1968, acknowledged that "no university can be a law unto itself in present-day society,"²¹⁹ a point which University Affairs Minister Davis had made in his Gerstein lecture. The overall impression conveyed by these evidently complacent observations from the university community is one of a smooth and frictionless relationship between universities and province in the period, accompanied by a diminution of university demands for an active federal government involvement in Canada's universities. In significant respects this impression is mistaken on both counts.

Misgivings in the university community about provincial policy in the late 1960's assumed two forms. They constituted reservations about the formula finance system and a more general hesitation about the great power of the province and the uses to which it might be put. On formula finance, criticism was of two very different kinds. There were some university spokesmen who simply considered the Basic Income Unit (BIU) upon which formula

²¹⁸ Committee of Presidents of Provincially-Assisted Universities of Ontario, Third Annual Review: Campus and Forum (Toronto: The Committee, 1969), p. 8.

²¹⁹ Committee of Presidents of Provincially-Assisted Universities of Ontario, Brief to the Commission on the Relations between Universities and Governments (Toronto: The Committee, December 1968), p. 6.

grants were based to be either too small, particularly for the "emergent" or newer universities, or to be growing at too slow an annual rate. The CPUO routinely requested increases in the Basic Income Unit. These were provided annually, but in smaller increments than the CPUO desired.²²⁰ The other criticisms of formula finance were more fundamental, and at times they became intemperate. Sometimes they simply assumed the form of opposition to certain features of the system, such as provincial imposition of appraisal procedures for graduate programmes included in formula finance. The CPUO judged this to be a violation of university autonomy.²²¹

Equally often, however, opposition to the formula was unqualified, particularly when it was offered by David H. Scott and Eugene Benson. Scott attacked formula finance on every conceivable ground as totally destructive of university diversity and freedom of action, and disastrously distortive of what should be the prime function of universities, the pursuit of quality.²²² Benson's attack rested on the grounds of provincial interference with university autonomy. To him formula financing is "a pernicious methodology which is dictating not only student

²²⁰ Committee of Presidents of Provincially-Assisted Universities of Ontario, Third Annual Review: Campus and Forum, op.cit., pp. 41-43.

²²¹ Committee of Presidents of Provincially-Assisted Universities of Ontario, Second Annual Review: Collective Autonomy, op.cit., p. 4.

²²² David H. Scott, "Dissent from Formula Financing," Canadian University (Vol. 4, No. 1, January 1969), p. 26.

enrolment and the physical plant of our universities, but even the content and scope of academic programmes ..."²²³ Both Scott and Benson decried what they deemed to be the standardization of university programmes in Ontario in accordance with priorities set exclusively by the provincial government and uncritically accepted by a sheeplike and unorganized university community.²²⁴ Benson cited a specific instance of alleged provincial interference at his own University of Guelph, where it was discovered in 1970 that the University Senate could not freeze enrolment at the level it desired because of certain prior commitments the university had made to the province.²²⁵

Although the objections of Scott and Benson apparently did not represent the point of view of most Ontario academics at the time, there was growing apprehension expressed in the period over the actual and potential power of the provincial government in its relationship with universities. Even the CPUO warned of the possibility of a "homogenized" provincial university system where government is deeply interested in the economic aspects of higher education, and where it possesses the institutional machinery to exercise control over that

²²³ Eugene Benson, "The House that Davis Built (or University Education in the Sixties)," CAUT Bulletin (Vol. 19, No. 3, Spring 1971), p. 4.

²²⁴ Ibid., pp. 4, 9; Scott, op.cit., p. 25.

²²⁵ Benson, op.cit., p. 10. Moreover, even universities (like Trent) which have been permitted to impose limits upon enrolment have encountered financial problems, because the Basic Income Unit (and hence provincial grants) is based upon enrolment. Hanly, op.cit., p. 103.

system.²²⁶ The Committee saw this happening at that time (1968) only in certain states south of the border (such as California and Michigan), not in Ontario--not yet.²²⁷ However, the CPUO's 1969 proposal of a Council of Universities of Ontario obliquely acknowledged the incapacity of the university community's organizational structure of the time to facilitate coordination amongst Ontario universities in planning, programming, and budget, and in conducting relations with the provincial government.²²⁸

Meanwhile, both Scott and Benson excoriated the CPUO itself as hopelessly incapable of withstanding pressure from the Department of University Affairs.²²⁹ Benson was particularly contemptuous of the Committee, of which he had been a member. He charged that the DUA almost never let the Committee know what it was thinking or planning, and that the Committee made little or no effort to play a meaningful role in the making of decisions affecting universities.²³⁰ A possible explanation for the

²²⁶ Committee of Presidents of Provincially-Assisted Universities of Ontario, Brief to the Commission on the Relations between Universities and Governments, op.cit., p. 4.

²²⁷ Ibid., p. 4.

²²⁸ Committee of Presidents of Provincially-Assisted Universities of Ontario, Proposal for Establishing a Council of Universities of Ontario (Toronto: The Committee, 1969), p. 16.

²²⁹ Benson, op.cit., p. 11; Scott, op.cit., p. 25. A similar criticism of the Committee of Presidents is found in David W. Skater, "Change and the Universities: University-Government Relations-Comment I," Canadian Public Administration (Vol. XIII, No. 1, Spring 1970), pp. 22-23.

²³⁰ Benson, op.cit., p. 11.

acquiescent behaviour of university administrators came in 1967 from Murray G. Ross, President of York University. Ross charged that Ontario's universities, as they grew increasingly dependent upon provincial government support, became wary of expressing displeasure with government policy: "There is a less than subtle tendency not to be critical of one's main source of support."²³¹ Thus, provincialization of universities can indeed lead to provincial control through forces both direct and indirect. Understandably, there continue to be pleas directed to the federal government from the university community in light of such real, apprehended, or threatened conditions.

Two examples of appeals from universities to the Government of Canada will suffice to demonstrate that after 1966 the universities did not abandon hope that Ottawa would reassert herself in the matter of university education. David Judge, in a discussion of a 1970 AUCC brief, Federal Support of Universities and Colleges of Canada, interpreted the brief's message as that "nothing short of a federal declaration of policy is needed for higher education, and Ottawa must recognize and act to overcome, the problems facing universities ..."²³² The submission itself specified mounting enrolment, soaring costs,

²³¹Murray G. Ross, untitled column, University Affairs (Vol. 9, No. 1, October 1967), p. 5.

²³²David Judge, "Universities Seek Federal Policy on Higher Education," Canadian University and College (Vol. 5, No. 11, November 1970), pp. 13-14.

and inadequate finances which have resulted in a "steadily worsening situation."²³³ There was also an insistence that "radical changes" (largely in enrolment and cost projections for the 1970's) since the 1965 Bladen Report had made federal action more urgent than ever before.²³⁴ In a similar vein, John Porter, writing in the British journal Minerva in 1970, spoke perhaps more forcefully for federal involvement in university education than anyone has done in a Canadian publication. Porter denounced the fiscal transfer programme as the "Quebec solution," designed to force the entire country to conform to Quebec's preferences in financing education.²³⁵ He vigorously called for national economic coordination and the establishment of "national" universities (like Australia's), but Porter conceded bitterly that Canada's federal government is unlikely to proceed with either suggestion "in the present constitutional climate."²³⁶

Porter's impression that national university policy is based upon Quebec's stand on the issue was presented with derogation, of course, but in late 1969 the Commission on the Relations between Universities and Governments (the Kurtubisc-

²³³Waines, op.cit., pp. 42-80. This section of the brief endeavoured to document the worsening situation.

²³⁴Ibid., p. 56.

²³⁵John Porter, "The Democratisation of the Canadian Universities and the Need for a National System," Minerva (Vol. VIII, No. 3, July 1970), p. 341.

²³⁶Ibid., pp. 338-339, 347.

Rowat Commission) reminded Canadians that Quebecois opinion must be taken into account in the formulation of national policy. This two-man commission had been jointly sponsored by AUCC, CAUT, and Quebec and student educational groups. Their conclusions were strongly supportive of provincial autonomy over education, and they suggested that Canadian universities ought to reflect the provincial societies in which they are situated.²³⁷ As Donald C. Rowat expressed it in an explanatory article which followed the release of the report, "a good many [people in English-speaking Canada] are still living in the past, and have not realized how far French-Canadian opinion has moved in the direction of greater provincial independence."²³⁸ In Rowat's estimation, even the fiscal transfer programme undermines provincial autonomy by virtually requiring the provinces to

²³⁷ Commission on the Relations between Universities and Governments, The University, Society, and Government (Ottawa: University of Ottawa Press, 1970), Chapters 2-6.

²³⁸ Donald C. Rowat, "The Commission on the Relations between Universities and Governments: Summary Report," Canadian Public Administration (Vol. 14, No. 4, Winter 1971), p. 611. Rowat himself may be misinformed on this point. It is not provincial independence generally but autonomy for the province of Quebec in particular that has been the objective of Quebec governments. On this, see Dr. Jacques Parizeau, "What are the Areas of Responsibility of Provincial Governments under a Program of Constitutional Decentralization or Cooperative Federalism?", Barff School of Advanced Management, op.cit., pp. 52-55. Parizeau suggested that Ottawa exercise strong centralizing leadership in its relations with all provinces except Quebec.

spend money on universities!²³⁹

Perhaps the most significant contribution of Rowat's article is his rejection of the "two masters" argument, which has been presented by university spokesmen wishing to receive heavy support from both levels of government so as to minimize the danger of control exercised by either one. Rowat endorsed such control, and asserted that the provincial governments should exercise it "on behalf of the public."²⁴⁰ The Public Administration professor held that "according to the principles of public administration," universities "as administrative units" should be given coordinating direction by a single authority "directing their activities toward the public good."²⁴¹ Rowat left no doubt who was to supply the definition of "public good." Thus, by 1970, the universities were not only facing the danger of provincial control. They were saddled with a "Trojan horse" in their midst recommending just that, while upholding

²³⁹Rowat, op.cit., p. 612. Rowat erroneously implied that the Fiscal Arrangements Act may distort provincial spending priorities in poor provinces like Prince Edward Island, where the provincial government should not be induced to spend more than it can afford on universities in order to receive equivalent federal largesse. In fact, Prince Edward Island is one of three provinces where transfers from Ottawa have been based upon population, not post-secondary operating expenditures.

²⁴⁰Ibid., p. 613.

²⁴¹Ibid., p. 613.

provincial domination "according to the principles of public administration" as taught at Carleton University!

Inside governments, sentiments comparable to Rowat's were also beginning to surface. There is no evidence of determination or even desire on the part of the government or one or more of the officials in Ontario to place the province's universities under the kind of supervision suggested by Rowat. However, this may be simply a reflection of the fact that provincial government files are locked away (in some location professedly unbeknownst even to provincial archivists and high civil servants) and totally inaccessible. Whatever may have been the intentions of Ontario's officials in this period, A.T. Wakabayashi, in 1969 Deputy Treasurer of Saskatchewan, expressed an opinion similar to Rowat's in a moment of public candour the likes of which no comparable Ontario official has been known to indulge on this subject. Wakabayashi noted that it is "desirable but unlikely" from past experience that independent and autonomous universities will "optimize the use of public funds which they receive." The impression is left that autonomous universities are inherently incapable of achieving voluntary coordination of activities amongst themselves.²⁴² Wakabayashi did not follow his argument through to the logical conclusion that the "optimizing" would have to be carried out by the

²⁴²A.T. Wakabayashi, "Change and the Universities; University-Government Relations-Comment II," Canadian Public Administration (Vol. XIII, No. 1, Spring 1970), p. 29.

provinces, but this was hardly necessary. Surely by 1970 Canada's universities had cause for concern about how they "as administrative units" might be directed so as to "optimize the use of public funds," particularly as the disbursement of public funds by that time was increasingly monopolized by the provinces (as Table 3.4 indicates).

The universities, at least, could and did turn to the federal government to save themselves from the real or potential destruction of their autonomy caused by provincial domination. However, unfortunately for the universities, around 1970 Ottawa was beginning to entertain second thoughts about its involvement in higher education in any form, including the fiscal transfer scheme. By the middle of 1969, the Department of Finance had formed the view that there was inadequate expertise in the federal government for a pursuit of the question of whether there should be a continuing federal role in universities.²⁴³ The expense of the fiscal transfer programme, which as we shall note in Chapters IV and V was far greater than Ottawa had anticipated, combined with the impossibility of determining whether the assistance really did contribute to economic growth and a highly skilled labour force, moved senior Finance officials to suggest placing limits on the annual increases in federal contributions to higher education.²⁴⁴

²⁴³ Memorandum, 19 June 1969, Department of Finance files, pp. 5-6.

²⁴⁴ Ibid., pp. 4, 7.

In 1970, one official of the Research Bureau of the Department of Manpower and Immigration, implied that great caution should be applied to analyses of the rate of return from investment in education.²⁴⁵ One reason which he cited was that students were not shifting into courses for which university graduates were in demand.²⁴⁶ Moreover, because of provincial jurisdiction in education and the increasing jealousy with which provinces asserted this jurisdiction, other federal officials expressed frustration of their desire to orient the universities to areas of national manpower shortages and priorities.²⁴⁷ In brief, pressures of unexpected costs, uncertainties about the impact on the national economy of federal assistance to universities, and inability to gear the assistance to national economic objectives all combined to bring into question the perpetuation of any sort of federal government participation in financing university education. Ultimately, even the Economic Council of Canada, in its Seventh Annual Review, reflected the new spirit by calling for an end to expensive waste and inefficiency in Canada's universities.²⁴⁸ The expansive tone of the Second

²⁴⁵ Department of Manpower and Immigration Research Branch, A Human Capital Approach to Education, 17 July 1970 (memorandum in Department of Finance files), p. 13.

²⁴⁶ Ibid., p. 16.

²⁴⁷ Department of Finance, Background Paper on Federal Aid for Post-Secondary Education, 28 October 1968, Department of Finance files, pp. 8-9; Memorandum, 16 May 1966, op.cit., pp. 2-3.

²⁴⁸ "Economic Council Says Universities Must Curb Costs," University Affairs (Vol. II, No. 9, November 1970), p. 4
(unsi)

Annual Review had vanished. In this new climate consideration of the "federal declaration of policy" requested by the AUCC was simply out of the question.

E. Summary and Conclusions

The universities of Canada themselves and the environment in which they carried out their activities underwent dramatic changes between 1945 and 1970. In the immediate postwar period, the predominant concerns were with providing war veterans with opportunities for university training and assisting the universities to accommodate these veterans. Ontario's universities stood at four provincially supported and three denominational institutions. Within a few years, the notion of equalizing educational opportunities for everyone and making certain that Canada's universities could provide education of the highest calibre became fashionable. It was against this background of concern for quality, rather than quantity and manpower training, that in 1951 the federal government instituted its per capita grants paid directly to universities. In a period of a federal setting both centralized (in respect to the exercise of political power) and peaceful, with no perceptible danger of a federal dispute of serious proportions, no province but Quebec objected to these grants on constitutional or other grounds in the 1950's.

The grants were increased periodically over a fifteen-year period, but they did not keep pace with the skyrocketing university enrolments and costs of the 1960's. By the 1960's nearly everyone seems to have accepted the notion that universities

were the key to national economic growth and prosperity, and individual fulfilment, in such a way that the more rapidly university facilities were expanded, the better for the nation, the province, and the individual. This belief attained its full flower in the 1960's, but was noticeably wilting at decade's end. No effort was undertaken to direct university expansion toward or away from any particular academic programmes. The universities appeared insatiable, and maintained pressure on both federal and provincial governments to supply ever greater direct assistance, as equally distributed between the two levels of government as possible. Under these conditions the universities could expand in number and operation while protecting their autonomy from possible encroachment from government at either level.

In 1966, in a newly fragmented and conflictful federal setting, the federal government abandoned its per capita grants in favour of a complex fiscal transfer scheme whereby federal assistance to universities would be channelled through provincial governments. In most provinces, the transfers were to be positively related to the level of provincial government operating expenditure on all higher education. At about the same time Ontario replaced its essentially chaotic system of allocating grants with an ostensibly neutral formula finance programme. As the 1960's drew to a close, the community representing Ontario's fourteen provincially supported universities was less than unanimously supportive of an Ontario government-dominated system

of financial support which, while generous, was judged by many to pose an immediate or prospective danger to university autonomy. Ontario's universities were particularly concerned about the possibility that the province would adopt the utilitarian interpretation of the role of publicly-supported universities which heads this chapter. However, the federal government refused to heed repeated pleas from the universities that it re-assert a direct interest in their operation and well-being.

Perhaps more than anything else, Part Two of this chapter has endeavoured to demonstrate that in the quarter century following the Second World War there were three major actors in the unfolding relations between the Governments of Canada and Ontario in respect to universities, each one of which possessed its own unique set of perspectives and priorities. The third actor was the university community itself. It appears to have exercised some (not readily definable) influence over both federal and provincial policies, although this impact was surely much less in both cases than the university community would have preferred. University influence over federal government policy apparently was at its zenith prior to the middle 1960's. In this period Ottawa perceived a federal setting in which federal initiatives and manoeuvrability which did not run the risk of serious federal disputes were permitted by the provinces. Nevertheless, to some extent the Canadian and Ontario university communities have affected the federal-provincial relations in this matter.

The second important contribution of the second part of this chapter is an appreciation of the nature and magnitude of changes in the universities of Ontario, and in their relations with governments, during the postwar period. The importance of universities as vigorous spokesmen for their own interests, instruments of cultural and economic policy, components of the provincial educational system, and as financial drains on federal and provincial treasuries has multiplied incalculably. Growing with this trend have been both the capacity of the universities to be crucial pawns in the perpetual federal-provincial chess match in matters subject to federal disputes, and the stakes involved when universities have been the subject of the processes of executive federalism. It is to how, and how well, the federal and provincial governments have managed to accommodate their own, and the universities', interests in a changing federal setting that we now direct our attention.

CHAPTER IV

FEDERAL-ONTARIO RELATIONS IN UNIVERSITY EDUCATION, 1945-1970

Parliament should play a role, with the provinces, in achieving the best results for Canada from provincial policies and programmes whose effects extend beyond the boundaries of a province.¹


A. Introduction

Executive federalism is an acknowledgement that the divisions within the federal state are such that only direct dealings between officials of the centre and regional units can harmonize the inevitable federal disputes which arise. As the preceding chapter revealed, in the jurisdiction of university finance, a vigorous and articulate third actor, the universities themselves, has thrust itself into the conduct of executive federalism in this jurisdiction. Thus, in this field with three clearly defined sets of interests, there are three fairly discrete sets of relationships: the federal government and universities, the provincial governments and universities, and the federal and provincial governments. The first two of these relationships were probed in Chapter III.

¹Pierre Elliott Trudeau, Federal-Provincial Grants and the Spending Power of Parliament (Ottawa: Queen's Printer, 1969), p. 34. Emphasis in original.

This last relationship, at the heart of the research problem of this thesis, is the subject of the discussion of this chapter.

Running through this chapter are the themes struck in Chapter I, in particular the importance of the means by which the Government of Canada and the provincial governments have managed to perpetuate a federal system which seems to be permanently fragmented. The questions to be addressed in this chapter in search of the workings of executive federalism are four in number. First are the interests and priorities of each level of government at every stage of the quarter-century period, and, if possible, the reasons why these interests assumed the form which they did. Second, the objectives of each level of government in terms of the nature and quality of university education must be considered. Third, the kinds and extent of conflict between the federal government and Ontario in their relations will be addressed. Fourth, how and to what degree this conflict was or could be resolved is taken up. An appreciation of each government's interpretation of the federal setting, and perception of the nature and seriousness of actual or potential federal disputes, is important to the consideration of these questions. The achievement of answers to these four question areas will facilitate answers to questions to be addressed in later chapters. These include the problems of what conclusions we may draw from this study about how the competing interests



of federal and provincial governments, and also interest groups, are accommodated in the federal-provincial negotiations of executive federalism. They also involve how and how well federal stress and federal disputes are handled in the processes of executive federalism.

This chapter is divided into nine sections. This introductory discussion constitutes the first section. The second section considers the postwar relations between Ottawa and Ontario which had a bearing upon universities prior to the 1951 introduction of the federal direct per capita grants. Section C discusses the commencement of the per capita grants. The fourth section takes up the first fourteen years of the per capita scheme, to the autumn of 1965; when the federal government began to entertain alternative proposals for assisting universities. Section E discusses the year which led up to the October 1966 federal-provincial conference, at which the new federal scheme was announced. The sixth section deals with that conference and a Tax Structure Committee meeting which preceded it. The seventh section considers the alterations and refinements in Ottawa's proposal which the provinces effected at, and in the months following, the October conference. Section H discusses the 1967-1970 period, or the early years of the Federal-Provincial Fiscal Arrangements Act. The final section offers a brief summary of the chapter, and conclusions which largely comprise responses to the questions posed in the preceding paragraph.

B. Federal-Provincial Relations in University Education,
1945-1951

The period of federal government dominance considered in Chapter II, which originated in the Depression of the 1930's and was strengthened in the centralized environment of World War II, relented slowly. In the immediate postwar period, although both the economic and defence emergencies which had justified the concentration of power in Ottawa had passed, a high degree of centralization continued. After all, the period of "cooperative federalism," under which the federal government extended conditional grants to the ~~chronically revenue-poor~~ provinces which themselves perceived no alternative but to accept them, was still in existence well into the 1950's. Accordingly, in the federal "Green Book" proposals at the Reconstruction Conference of August 1945, it was Ottawa's clear intention to perpetuate the dependency of the provinces upon federal generosity in financing specific programmes selected by Ottawa as being in the national interest. As was normally the case with conditional grants, each province had the option only of accepting the grants offered, under whatever conditions the federal authorities cared to specify, or the unthinkable alternative, rejecting the grants and with them the social services which they would have provided. It should be noted, however, that at the Reconstruction Conference Ontario and Quebec refused the continuation of tax rental agreements which Ottawa had imposed during the

war. In 1950, Ontario accepted a new tax rental arrangement.²

Before one hastens to censure the federal government for its apparent attempts to monopolize the power to make policy in the 1950's, it must be recalled that the provinces did not exercise much assertiveness in this period. In general, conditional grants were not regarded by the provinces as an infringement of their constitutional rights. On one of two occasions in the 1940's when there was a federal-Ontario confrontation over a proposed federal policy, Ontario's 1941 objection to the recommendations of the Rowell-Sirois Report stemmed at least as much from the Report's suggestion that the "have" provinces undertake subsidization of their poorer neighbours as it sprang from any proposal for increases in federal power.³ On the other occasion of conflict, the Reconstruction Conference, Ontario accepted Ottawa's offers of conditional grants in various provincial fields.

In this environment, Ottawa was in a position to take whatever initiatives it wished in assisting Canada's universities, especially as the provincialization of universities in Ontario and some other provinces was not yet underway. The influx of veterans, which greatly increased the enrolments and taxed

²J.W. Pickersgill, My Years with Louis St. Laurent (Toronto: University of Toronto Press, 1975), pp. 134-139.

³For more details on this matter, see Chapter II, Part One, Section C.

the facilities of the universities, supplied the federal government with what everyone apparently deemed ample justification for its programme of grants of \$150 per enrolled veteran to Canada's universities.⁴ As far as it can be determined, at no time were there discussions between Ottawa and the provinces with respect to the veterans' assistance. None of the provinces, not even Quebec, seems to have expressed any desire to be consulted in this matter. At the Department of Finance in Ottawa, files concerning relations between Ottawa and the provinces in respect to universities commence with the year 1951. The implication is that there were no direct dealings between the two levels of government at all during the life of the veterans' grants, which may very well be the case. After all, at that time the provinces were not yet in the habit of asserting full autonomy in fields under their jurisdiction, they could hardly deny that the beleaguered universities required assistance, they could not oppose grants for veterans, and they knew that the veterans' grants would exist for only a few years in any event.

Nothing in the foregoing discussion should give the impression that in the 1940's the government of Ontario was wholly unconcerned about its jurisdictional rights under the British North America Act. In 1945, in the months preceding the August Reconstruction Conference,⁵ the Ontario Bureau of

⁴This situation is considered more fully in Chapter III, Part Two, Section A.

Statistics and Research noted that the province should insist on a stricter recognition of its "legal and moral rights" in the fields of direct taxation and natural resources.⁵ Education was not mentioned. Just before the Conference, the same instrumentality of the provincial government suggested that Canada was too heterogeneous (because of "various social and economic groups") for centralized wartime measures to be applied to peacetime conditions. Consequently, federal expenditures relative to those of the provincial government should decrease, and the province "must look to its laurels financially."⁶ Perhaps significantly, the recommended increase in provincial responsibility was not proposed in 1945 on grounds of provincial autonomy or Canada's regional diversity, as it would come to be some two decades later and beyond.

Education was not an overriding concern of the provincial government in 1945, and what interest there was in relations with Ottawa regarding federal education policies lay in the technical and vocational sector. The Bureau of Statistics and Research, in a post-Conference report late in

⁵Ontario Bureau of Statistics and Research, Dominion-Provincial Relations: A Report on the Provinces of Ontario and Manitoba (Toronto: The Bureau, 10 February 1945). (mimeographed in Archives of Ontario)

⁶Ontario Bureau of Statistics and Research, Facts Pertinent Dominion-Provincial Relations (Toronto: The Bureau, 16 July 1945), pp. 1, 3. (Archives of Ontario)

the year, asserted flatly that "education has been and should continue to be a purely provincial function."⁷ Having said that, however, the Bureau offered unreserved approval of Dominion conditional grants to assist in the retraining of industrial workers and to provide aid to vocational schools. After all, the Bureau concluded, neither interferes with provincial determination of educational standards and "it seems appropriate for the Dominion to undertake this support as part of its high employment policy."⁸ On the subject of the federal assistance to the Ontario universities providing educational facilities to veterans, the Bureau had nothing to say. This is in spite of (or perhaps because of) the fact that the Veterans Rehabilitation Act under which these grants were tendered had been in operation for approximately one year at the time of the Bureau's report on the Reconstruction Conference. In any case, given the temper of the times, which the Bureau's studies tended to reflect, it may be assumed with full confidence that the government of Ontario entertained no reservations whatever about the programme of veterans' grants.

C. The Introduction of the Federal Per Capita Grant Programme, 1951-1952

The federal government's direct per capita grants to

⁷ Ontario Bureau of Statistics and Research, Dominion-Provincial Conference on Reconstruction (Toronto: The Bureau, 3 October 1945), p. 28. (Archives of Ontario)

⁸ Ibid., p. 28.

Canadian universities constituted a prompt and compliant response to one recommendation of the Massey Commission.

We may recall that the Commission not only suggested that the grants be offered; it also presented fifty cents per capita of the provincial population as a possible level of support.

This too was accepted without alteration. One recommendation of the Massey Commission apparently was not adopted by Ottawa. This was the suggestion that the provinces be consulted in advance of any formal announcement of a grants programme.⁹

It cannot be determined precisely why Ottawa did not choose to consult with the provinces. But it may be pointed out that in this period of cooperative federalism, the federal government was not in the habit of engaging in discussions with provincial governments in advance of announcements of conditional grants programmes.¹⁰ According to Stephen G. Peitchinis, the fact that the grants were to be a matter essentially between the federal government and universities, without direct provincial involvement, provided a convenient administrative excuse for

⁹ Royal Commission on National Development in the Arts, Letters and Sciences, Report (Ottawa: King's Printer, 1951), p. 355.

¹⁰ E.E. Stewart claims that there was prior discussion in the per capita grants case. Edward E. Stewart, The Role of the Provincial Government in the Development of the Universities of Ontario, 1791-1964 (Unpublished Ed. D. thesis, University of Toronto, 1970), p. 423. Stewart may have been referring to the letter sent by St. Laurent to the Premiers, which is considered below.

Ottawa to bypass the provinces in the programme's formative period.¹¹ However, in the centralized and peaceful federal setting of the early 1950's, no excuse for failing to consult the provinces was probably thought necessary by the federal government.

The per capita grants were announced in the House of Commons by Prime Minister Louis St. Laurent in June 1951. The programme was to be provisional for one year, pending agreements with the provinces on continuing the grants for an indefinite period thereafter. It has been noted that, in contrast to the veterans grants scheme, the per capita grants were an open-ended and seemingly permanent federal intrusion into a provincial jurisdiction. Notwithstanding both this fact, which should have been clear at the time, and the absence of prior consultation, there was a minimum of provincial objection to the formula. A third potential cause for provincial reservations about the per capita grants also seems to have failed to arouse opposition. This was the discrepancy between the public explanation for the grants, presented by the Prime Minister in the House of Commons, and the private account offered by St. Laurent in his letter to the provincial Premiers announcing the programme.

The parliamentary announcement centred upon the fact that, as the Massey Commission had noted, upon the discontinuance

¹¹ Stephen G. Peitchinis, Financing Post Secondary Education in Canada (Toronto: Council of Ministers of Education, July 1971), pp. 68-69.

of the veterans grants the universities of Canada required assistance simply to maintain the level of quality which prevailed at the time.¹² By contrast, in his letter to the Premiers, written four months after the parliamentary introduction of the programme and one month into its first academic year of existence, the Prime Minister cited only geographic mobility and public service justifications for the grants, neither of which had been presented in Parliament. The geographic argument was that university students moved about the country to a great extent (more so than primary and secondary school students); and that, perhaps for this reason, there may not have existed in all provinces the same continuing advantage to local communities from the expenditure on public funds for university education that prevailed in respect to primary and secondary schools. The second justification for the grants offered by the Prime Minister to the Premiers was that, as a substantial proportion of university graduates was absorbed into the Canadian public service, it was reasonable that the federal treasury make some contributions to the universities where these public servants received their training.¹³ No statistics supporting either contention were presented in the letter to the Premiers, and no mention was made of the need to maintain quality in university education.

¹²This is discussed in detail in Chapter III, Part Two, Section B.

¹³Louis St. Laurent to Leslie Frost, Letter, 25 October 1951, Department of Finance files, p. 1.

After offering the mobility and public service justifications for the federal per capita grants, the Prime Minister assured the Premiers that the only universities which would receive the grants would be those recognized by the provinces as degree-granting institutions.¹⁴ Of course, "degree-granting institutions" included denominational universities, then three in number in Ontario (Assumption, McMaster, and Ottawa). These institutions were ineligible for provincial government financial support, as were similar universities in some other provinces at the time. The Prime Minister's letter implicitly made it clear that, whatever the provincial policy on support may have been, Ottawa intended to treat denominational and nonsectarian universities the same. That is, the distribution of grants amongst the universities of a single province would be determined solely upon the basis of full-time enrolment. This formula might have been expected to arouse opposition at Queen's Park on the grounds that it might embolden denominational schools to press for provincial aid to provide equitability with the federal scheme. Moreover, the danger of a perceived provincial government commitment to the sectarian universities upon the termination of the federal programme (say, in return for greater provincial taxing capacity) must have occurred to provincial officials when the per capita programme was introduced.

¹⁴ Ibid., p. 2.

(It did deeply concern some Ontario officials as the end of the per capita scheme approached, as we shall see in Section E.) Nevertheless, there was no discernible Ontario reaction or reservation expressed at the time in regard to the inclusion of denominational universities on the same basis as other institutions.

Despite the absence of overt provincial government opposition to any facet of the federal programme at the time, near the end of his life Premier Leslie Frost revealed in a letter to the Chairman of the Committee on University Affairs that, at an unspecified time prior to the per capita grants programme, he had requested from Prime Minister St. Laurent that the federal government offer only research assistance to universities. Frost implied that he strongly preferred this to the per capita scheme which was implemented instead. In respect to denominational universities, Frost observed that "if [assistance for research alone had been offered] it would have saved us in Ontario a lot of headaches for the reason that the Federal Government got into general grants which affected denominational schools, hence part of the problem we have to-day [1969]."¹⁵ However, there is no evidence from the early 1950's that the Premier anticipated those "headaches" at the time. There is no indication in the Ministry of Finance files

¹⁵ Leslie Frost to Dr. Douglas Wright; Letter, 12 May 1969, CUA files, Archives of Ontario, p. 1.

of Frost's having made the suggestion of research assistance. But Frost implied in his letter that St. Laurent may have actively considered the suggestion: "I have often wished that Mr. St. Laurent had stuck to my original recommendations instead of widening them out ..."¹⁶

It cannot be determined to what extent the Prime Minister had been influenced by the Premier of Ontario, except that this influence clearly was not decisive. Possibly more significant was the weight of the counsel offered by J.W. Pickersgill of the Prime Minister's Office. Pickersgill related in his reminiscences of his association with St. Laurent that the Prime Minister, despite the Massey Commission's recommendation of the per capita grants paid directly to universities, initially entertained an increase in tax rental payments instead. (These payments were made in compensation for the "renting" of provincial income taxes suggested by the Rowell-Sirois Commission and implemented by the government of Mackenzie King.) Pickersgill contended that he employed the mobility argument which the Prime Minister later cited in his letter to the Premiers to persuade St. Laurent to accept the Massey Commission recommendation: "I pointed out that the high degree of mobility of university graduates encouraged some politicians in the less affluent provinces to ask why their

¹⁶ Ibid., p. 1.

taxpayers should pay for the university education of young people who went away to Ontario."¹⁷ Pickersgill also noted to St. Laurent that "by a wide margin" the federal government was the largest "consumer" of university graduates.¹⁸ It is surely of some significance that these arguments which Pickersgill reported having presented to the Prime Minister were precisely the ones which St. Laurent cited in his letter to the Premiers. Of course, it is not inconceivable that the Prime Minister was assisted by Pickersgill in the preparation of his letter and in the determination of his government's policy.

However the Prime Minister may have been persuaded to offer the grants to the universities, all Premiers but one responded to their letter from the Prime Minister within two months. They replied positively at least about seeing through the first year of the university grants. Premier Frost was the lone holdout, whose approval was tendered only subsequent to a post-Christmas telegram from the Prime Minister urgently requesting an answer.¹⁹ Frost's reply (which offered no explanation for its tardiness) was favourable, but reminded.

¹⁷ Pickersgill, op.cit., p. 140.

¹⁸ Ibid., p. 140.

¹⁹ Louis St. Laurent to Leslie Frost, Telegram, 28 December 1951; Leslie Frost to Louis St. Laurent, Letter, 3 January 1952, p. 1. Both in Department of Finance files.

St. Laurent that the first year of the programme would be experimental and that in future (unspecified) amendments might have to be made.²⁰ Of course, neither Frost nor the other Premiers were offered much choice in the matter. The letter from the Prime Minister had neither solicited their advice nor offered alternatives of any sort. In brief, the introduction of the per capita grants to universities was fully in keeping with the "take it or leave it" federal government posture characteristic of the period of cooperative federalism. The provincial acceptance was representative of the provinces' willingness to accept Ottawa's lead even in areas of provincial jurisdiction.

The personal relationship between Prime Minister St. Laurent and Premier Frost was quite possibly a positive factor in their political relations. Dale Thomson, St. Laurent's biographer, reported that the two men, at their initial meeting in 1949, discovered to their mutual surprise that they "had much in common, including similar views on economic development, social legislation, and federal-provincial relations."²¹ From that time forward, during the succeeding eight years during which both men headed their respective governments, relations

²⁰ Frost to St. Laurent, Letter, op.cit., p. 1.

²¹ Dale C. Thomson, Louis St. Laurent: Canadian (Toronto: Macmillan of Canada, 1967), p. 276.

between Ottawa and Toronto were warm. As we have noted, Frost accepted a new tax rental agreement in 1950. In spite of frequent complaints about the centralized character of cooperative federalism, Frost was largely willing to accept Ottawa's initiatives--and Ottawa's cash--in fields under provincial jurisdiction. It may be that this personal association between the two heads of government facilitated the continuation of cooperative federalism into the late 1950's.

There prevailed a similarly warm personal, but much cooler political, relationship between St. Laurent and Quebec Premier Maurice Duplessis. According to both Pickersgill and Thomson, there was a certain mutual admiration, but at no time did Duplessis approve of the university grants.²² Pickersgill credits St. Laurent with anticipating Quebec's opposition.²³ Duplessis was talked into permitting the direct grants to be offered for the provisional first year, but he did not allow Quebec universities to remain within the scheme thereafter.²⁴ The immediate reaction to the grants in Quebec was totally

²²Pickersgill, op.cit., p. 140. A recent biography of the colourful Québec Premier is Robert Rumilly, Maurice Duplessis et Son Temps (Montreal: Fides, 1973).

²³Pickersgill, op.cit., p. 141.

²⁴Thomson, op.cit., p. 322.

different from the apparently unanimous approbation displayed in the other nine provinces. Representative of the strongest Quebec reaction was Henri Courtemanche's speech in the House of Commons. Courtemanche, after noting that Quebec was not opposed to all federal subsidizing of universities, claimed that "generous" assistance would be refused, "fearing that they might cost us our language, our faith, our traditions."²⁵ He went on to charge that "the true object of this Federal strategy is not to help our universities but to interfere once more with provincial rights and prerogatives."²⁶ However, even le Chef himself failed to condemn these federal grants in such unqualified rhetoric or to invoke the spectre of cultural genocide in this particular instance.

D. Ottawa and Ontario during the Per Capita Grants Programme

The first fourteen years of the fifteen year existence of the per capita grants scheme were marked by a minimum of dealings between the federal government and Ontario in respect to universities. Department of Finance files are very slim for this period. As this period ended, late in 1965, the federal-provincial dealings slowly increased. They reached their peak, of course, in 1966. This stretch of a decade

²⁵ House of Commons, Debates 15 George VI 1951, Volume I (Ottawa: King's Printer, 1951), p. 905.

²⁶ Ibid., p. 905.

and a half featured an enormous increase in university enrolments and costs, and a quadrupling in federal per capita grants. Nevertheless, outside Quebec there was comparatively little provincial reaction to federal policy.

In this section we consider this period of relative quiescence in federal-provincial relations. Five subjects are taken up: Ottawa's refusal in the 1950's to broaden the grants programme to include requested capital assistance, Prime Minister St. Laurent's Mackenzie King-like assertion of the federal spending power, the problems between Ottawa and Quebec relative to the university grants, the impact of the federal grants upon Ontario provincial policies in the early 1960's, and the controversy over possible capital assistance from the federal government to the universities in the early 1960's.

In the letter which Prime Minister St. Laurent dispatched to the Premiers announcing the per capita grants programme, the Prime Minister promised fully to respect provincial rights in university education.²⁷ His conduct in subsequent years lent credence to that pledge. For example, a 1955 request from Assumption University for a federal loan programme to assist universities to provide residences for students was rejected by Minister of Finance Walter E. Harris

²⁷ St. Laurent to Frost, Letter, op.cit., p. 2.

on constitutional grounds. Harris informed the hard-pressed denominational institution that the constitution and traditions of this country were such that the type of relationship involved in a federally supervised capital loans scheme was inadvisable. The Minister made it clear that he considered a programme of capital assistance to be a quite different matter from the unconditional grants which were then being offered.²⁸ Harris' position appears not to have been influenced by provincial pressure in any way. This federal stance on direct federal capital assistance was to remain unchanged throughout the period under consideration in this thesis. Nearly a dozen years later, in a decidedly different environment both in respect to the status of federal-provincial relations and the relationship between universities and governments, the federal government once again offered the same response to urgent requests for capital assistance.²⁹

It was noted in Chapter II that Prime Minister Mackenzie King, during the early period of conditional grants, strongly supported the proposition that Parliament enjoyed the power to appropriate money in any manner it wished. As this included offering grants to the provinces to assist in financing specific services which fell under their own jurisdiction,

²⁸ W.E. Harris to Father LeBel, Letter, 24 October 1955, Department of Finance files.

²⁹ This is discussed in Section E of this chapter.

the defence of the federal spending power constituted an indispensable part of the justification for conditional grants and cooperative federalism. In 1956, when cooperative federalism was still in existence, Prime Minister St. Laurent repeated the spending power argument in his speech to the meeting of the National Conference of Canadian Universities. Addressing the highly appreciative gathering in a French portion of his oration, the Prime Minister asserted for the federal government

the absolute right to appropriate indirect taxes for all purposes and the power to impose direct taxes provided they are destined to supply the consolidated revenue funds of Canada. It may thus use this money, with the approval of Parliament; to offer gifts or grants to individuals, institutions, provincial governments, and even to foreign governments. It is a royal prerogative which our constitution limits in no respect.³⁰

Neyer again was the federal spending power to be asserted in such an unqualified manner, but it was to be revived in modified form by Prime Minister Pierre Trudeau in 1969.³¹

Possibly because this section of the St. Laurent speech was not published in English, the Ontario government offered no public reaction to the assertion of an unlimited spending power:

In the same speech in which the spending power comments were presented, Prime Minister St. Laurent announced a

³⁰ Louis S. St. Laurent, "Address of the Prime Minister," in C.T. Bissell, editor, Canada's Crisis in Higher Education (Toronto: University of Toronto Press, 1957), p. 251. Translated by this writer.

³¹ This discussion continues in Section II of this chapter.

doubling of the per capita grants to one dollar per capita, and discontinuation of the distribution of the grants directly from the federal government to the individual universities. In 1956 universities in only nine provinces were receiving the per capita grants, as Quebec Premier Duplessis had pressured the universities of his province to refuse the grants after the first year of the programme. St. Laurent proposed to "hand over money each year to the NCCU to divide it up and distribute it itself," in order to "make it abundantly clear that we do not intend to tamper with the freedom of any particular institution."³² (The NCCU set up the Canadian Universities Foundation to carry out the distribution of the grants.) The Prime Minister was hoping, apparently in the absence of any prior assurance, that the filtering of the grants through the Conference would persuade Duplessis of the federal government's virtuous intentions and help to effect a change of policy in Quebec.

As it turned out, the Prime Minister proved to be mistaken if he believed that Duplessis would permit Quebec universities to accept the federal grants under the new arrangement. Similarly, no formula for transfer of tax revenue

³² St. Laurent, "Address of the Prime Minister," op.cit., p. 255. In this address the Prime Minister also introduced the Canada Council's \$50,000,000 fund for capital assistance to universities. Ibid., p. 256. The fund was depleted within a few years.

to Quebec to permit the province to assist its universities to the extent of the federal per capita payment could be worked out in Duplessis' lifetime. Finally, in 1960, the federal government under John Diefenbaker and the Quebec regime of Antonio Barrette reached an agreement that Quebec receive one additional point of corporation income tax, which the province could then disburse as it wished.³³ The implication, of course, was that the money would be spent on universities, but Quebec was under no obligation to do this. Meanwhile, throughout this entire period, including the negotiations between Ottawa and Quebec, no other province expressed opposition to the distribution of the per capita grants either directly by the federal government or indirectly through the CUF.

During the period of the per capita grants, Ontario's policies regarding universities seem not to have been significantly affected by the ongoing federal scheme, or the periodic increases in the size of the federal grants. As we know from Chapter III, the provincial grants to Ontario universities grew at a very rapid rate during these years, and were apparently unaffected by the size of the federal grants. However, the expansion of very costly health centres at Ontario universities may have been influenced by federal policy.

³³ Peter Stursberg, Diefenbaker: Leadership Gained 1956-62 (Toronto: University of Toronto Press, 1975), pp. 200-201.

Floyd S. Chalmers of the Committee on University Affairs wrote to J.R. McCarthy in 1964 that it would not be advisable for the province to proceed with planning health centres without federal guarantees of financial support for such ventures.³⁴ As it happened, this expansion was put off until federal assistance was obtained. A second instance of federal influence on provincial educational policies was in the very character of the Colleges of Applied Arts and Technology which Ontario founded in the 1960's. David Stager has charged that these institutions assumed the form of job training schools rather than community colleges because only in the vocational form could they be eligible for the Technical-Vocational Training Act (TVTA) federal funds.³⁵ This relationship between TVTA provisions and the nature of the CAAT institutions has been confirmed in interviews with Ontario civil servants. Thus, in some respects not directly applied to regular university operations, federal policies (or their absence) significantly influenced Ontario government priorities and behaviour in post-secondary education in the early 1960's.

In this period, Ontario's universities became increasingly concerned about their financial capabilities in a period

³⁴ Floyd S. Chalmers to J.R. McCarthy, Letter, 30 June 1965, CUA files, Archives of Ontario, p. 1.

³⁵ David Stager, "An Answer to: What Else Can They Do?", Canadian Forum (Vol. XLV, No. 540, January 1966), pp. 227-228.

of rapid expansion. Perhaps most of all, the skyrocketing costs of capital construction induced the universities to seek federal government assistance in financing capital expenses. The federal government, as we know, was not interested in becoming involved in direct capital assistance in any case. Notwithstanding this fact, Dr. G.C. Andrew, Executive Director of the Canadian Universities Foundation, suggested to Ontario's Superintendent of Curriculum in 1963 that Ottawa institute a programme of capital assistance to the universities. Andrew offered his own CUF as the agency to distribute the funds.³⁶ Superintendent McCarthy's response to this proposal in a letter to Leslie Frost, and Frost's reply to McCarthy, are illustrative of Ontario's growing unwillingness in the early 1960's to permit the broadening of the federal government's direct involvement with universities. McCarthy observed to Frost that federal capital grants "would create a precedent for extra-provincial involvement in university matters which would have far-reaching consequences."³⁷ McCarthy seemed concerned about two matters in particular. First, the formula employed in the per capita grants programme could not be followed in a capital grants assistance scheme. Either

³⁶ Dr. G.C. Andrew to J.R. McCarthy, Letter, 20 June 1963, CUA files, Archives of Ontario, p. 1.

³⁷ J.R. McCarthy to Leslie Frost, Letter, 8 July 1963, CUA files, Archives of Ontario, p. 1.

Ottawa or the CUF (or both) would exercise discretionary power over the grants which, being "extra-provincial," would constitute an unacceptable intrusion in a provincial field. Second, the church-related universities (which at the time included Assumption, Ottawa, and Waterloo Lutheran in Ontario) would share in capital grants; and "once they receive these grants there would be no way to discontinue them even if future capital assistance grants from the federal government were turned over to the province to distribute."³⁸ Of course, this second objection could have been applied to the per capita grants themselves. McCarthy's raising of this point illustrates the provincial government's turning away from toleration of a direct relationship between the federal government and Ontario's universities.

Leslie Frost's replies to Andrew and McCarthy provide further illustration of the evolving position of the Ontario government. Frost related to Andrew that Ontario would not permit a broadening of the federal direct grants to universities (or the CUF) at the time, however serious the crisis faced by the rapidly expanding institutions.³⁹ In a letter to McCarthy, Frost expressed the feeling that "I am afraid

³⁸ Ibid., pp. 1-2.

³⁹ Leslie Frost to Dr. G.C. Andrew, Letter, 25 June 1963, CUA files, Archives of Ontario, p. 1.

these well meaning people [Andrew and the CUF] will blunder into something that will be highly controversial and objectionable."⁴⁰ Andrew did not give up easily. He entreated Frost in a follow-up letter to permit, in a period of "desperate urgency," a temporary federal programme that would establish no more of an undesirable precedent than the Canada Council capital assistance fund.⁴¹ Frost, unmoved, reminded Andrew that education is constitutionally "completely within the field of provincial authority," and insisted upon "a most meticulous observance of provincial policies."⁴² In short, by 1963 Ontario was simply not willing to entertain the possibility of any broadening in the federal government's direct assistance to universities beyond the per capita grant scheme. Within another three years, the perpetuation of the direct per capita grants to universities itself was to come under attack in Ontario on constitutional grounds.

E. Approaching the 1966 Federal-Provincial Conferences

The year which preceded the federal-provincial conferences of September and October 1966 witnessed more activity

⁴⁰ Leslie Frost to J.R. McCarthy, Letter, 25 June 1963, CUA files, Archives of Ontario, p. 1.

⁴¹ Dr. G.C. Andrew to Leslie Frost, Letter, 26 June 1963, CUA files, Archives of Ontario, p. 1.

⁴² Leslie Frost to Dr. G.C. Andrew, Letter, 10 July 1963, CUA files, Archives of Ontario, p. 1.

between the federal government and the government of Ontario relating to universities than was carried out in the preceding fourteen years. The release of the report of the AUCC's Bladen Commission in July 1965 seems to have ushered in a period of intense consideration of new approaches in financing universities, both in Ottawa and in Toronto. The reason for this may be that government officials at both levels postponed discussion of specific alternatives to existing programmes until they had an opportunity to study the Bladen recommendations and cost and enrolment projections.⁴³ Once the Bladen Report had been scrutinized, events moved quite swiftly, at least by bureaucratic standards. This section considers the sequence and variety of these developments which led to the conferences of autumn 1966. Nine subjects are taken up: the immediate reaction to the Bladen Report in the federal and Ontario governments; the increased federal per capita grants announced in early 1966; the reaction of the Ontario government to the apparent direction of federal policy which these enlarged grants represented; Ontario's rather desperate (and uncharacteristic) requests for federal capital assistance for the province's universities, and her more typical demands for income tax concessions; the emer-

⁴³ Department of Finance files scarcely exist on this matter prior to publication of the Bladen Report, but pick up significantly immediately upon its appearance. Interviews with Ontario civil servants reveal that the Report was eagerly awaited in Toronto as well.

gence of a novel federal government approach to "cooperative federalism"; the apparent attempt by the federal government to establish constitutional justification and an office for federal activity in higher education; the direct relations between Ottawa and Toronto in advance of the autumn conferences; the discussions and manoeuvrings amongst federal civil servants and Cabinet officers in the months prior to the conferences; and, finally, the impact (if any) of outside forces, including the universities and the business sector, upon federal or provincial policies, or federal-provincial relations, in this period.

We have already noted that both federal and provincial governments generally concurred with the Bladen Commission's university enrolment and cost projections for the decade following 1965, and with the pervasive proposition that rapid university expansion was desirable. There was not a comparable consensus on the question of who was to supply the funds which the universities required or how they were to be distributed. Soon after the release of the Bladen Report, James N. Allan, Treasurer of Ontario, in an address delivered at the University of Waterloo, put Ottawa on notice that "in order to ensure continued provincial responsibility and administrative control, federal funds should be allocated to the provinces in such a way as to allow the provinces themselves, in conjunction with the universities,

to determine how best they may be utilized."⁴⁴ This speech was taken very seriously in the federal Department of Finance, where it was interpreted to imply that Ontario was losing interest in a scheme where universities received grants directly from the federal government. Just a few days following the Allan speech, the senior Finance official who had attended the AUCS meeting, in his notes prepared subsequently, remarked that Ottawa's opinion, as already expressed, was such that an increase in federal per capita grants along the lines suggested by Bladen (from the present two dollars per capita to five dollars the first year and one additional dollar each subsequent year) might not be tolerated by the provinces.⁴⁵

The Finance Department reacted to Bladen in other ways pertinent to the federal-provincial relationship. Senior officials felt that the scale of federal support desired by the Bladen Commission was possibly excessive, given both the unavailability of university staff (discussed in Chapter III) and the 1965 status of federal-provincial relations.⁴⁶

⁴⁴ James N. Allan, Remarks at the University of Waterloo, 23 October 1965. (Mimeographed). A copy of Allan's speech is in the federal Department of Finance files, a rare distinction for such a statement and an indication of the importance attached to it in Ottawa.

⁴⁵ Notes, undated, Department of Finance files. The Allan speech was also acknowledged at a November officials meeting. Untitled Memorandum, 30 November 1965, Department of Finance files, p. 8.

⁴⁶ Memorandum, 9 October 1965, Department of Finance files, p. 1.

These officials also viewed the Bladen Report as evading the underlying problem of the independence and public responsibility for universities which has become almost totally dependent upon public funds. They speculated that the Commission might not have wished this matter to be aired in public.⁴⁷

Nothing in the Department of Finance files suggested, however, that the federal government was prepared or preparing to make its own contribution to a discussion of a subject which was apparently becoming increasingly sensitive with the provinces.

The Department of Finance was prepared to accept Bladen's recommendation of a five dollar per capita grant, but only for one year (1966-1967). The Department opposed anything larger on the grounds that the provinces would thereby be discouraged from offering sizeable support of their own.⁴⁸ The Department's view was that it was desirable that the provinces greatly increase their own support of universities at the same time that Ottawa was doing so. But owing to the delicacy of this particular area, the Department thought it undesirable that the federal government actively provoke the provinces in this direction.⁴⁹

⁴⁷ Ibid., p. 2.

⁴⁸ Memorandum, 6 January 1966, Department of Finance files, p. 2; Memorandum, 13 December 1965, Department of Finance files, p. 1.

⁴⁹ Memorandum, 6 January 1966, op.cit., p. 2.

Following Cabinet consideration, the federal per capita grant was more than doubled to five dollars per capita for 1966-1967. The prevailing view was that it would be both wrong in principle and politically impractical to impose any conditions with this larger grant which would bind the provinces in any respect.⁵⁰ Provincial jealousy of the education field (that is, the federal setting in this jurisdiction) had reached the point where the provinces were in no mood to accept conditions. More than likely, negotiations with the provinces relating to precise features of the new grants would have been contentious. The new characteristics (not considered conditions in Ottawa) of the five dollar per capita grant--the weighted formula, and the provisions for part-time and out-of-province students--consequently were formulated without consultation with the provinces.⁵¹

The province did not seem disturbed by the announcement of the augmented federal grants. After all, a much larger sum of federal money was to come into the provinces (some additional twenty million dollars into Ontario) for the 1966-1967 academic year, and the programme was to last only one more year. The

⁵⁰ Ibid., p. 2.

⁵¹ The provinces with few out-of-province students in their universities objected to the inclusion of this factor in the grants. Memorandum, 13 May 1966, Department of Finance files, p. 3.

funds were to be distributed to the universities through the Canadian Universities Foundation, without passing through the hands of provincial governments. However, it was quite possible for provincial governments to adjust the annual increases in their own grants to universities in line with the size of the federal grants, so that, in effect, the twenty million dollar increase in the grants to Ontario universities could be "pocketed" by the province if it so desired. Indeed, certain Finance officials opposed federal acceptance of Bladen's suggested federal grants on just these grounds. They believed that such a large increase in the grants' size would effectively constitute an unconditional grant to the provinces.⁵²

This reservation proved to be well taken, at least in respect to Ontario. At the first Committee on University Affairs meeting of 1966, just after the new federal grants were announced, it was suggested that one half of the increase in federal grants, in effect, be distributed to universities and the other half retained by the province.⁵³ The context of the original draft of the Minutes of this meeting implies that it was University Affairs Minister William Davis himself who made this suggestion.⁵⁴ Davis excused this position by pointing

⁵²Memorandum, 16 May 1966, Department of Finance files, p. 2, and other references indicated some officials' continuing opposition to the per capita grants.

⁵³Committee on University Affairs, Minutes, 27 January 1966, CUA files, Archives of Ontario, p. 3.

⁵⁴Ibid., p. 3.

out that the province was "entitled to a share of the benefits of any increased Federal assistance" because the federal grants, based upon relatively static per capita population, had declined from \$363 per student in 1958 to \$210 per student in the 1965-1966 academic year.⁵⁵ Thus, in this sense, just as officials had feared, the larger grant presented Ontario with an opportunity to recoup some of its "losses" incurred during the period of rapid expansion, when the federal grants became progressively less significant sources of university income.

In the early months of 1966, the government of Ontario came to articulate two rather different lines of policy, one of which was for public consumption, while the other was confined to its internal discussions and dealings with Ottawa in the period. The Ontario government's public position in early 1966 was that the increase in federal grants, however large, had not been large enough, and that because of the growing expense of university expansion in the province, Ontario required substantial additional support from Ottawa. This assistance was requested by University Affairs Minister Davis in his annual Estimates in the form of per student rather than per capita grants.⁵⁶ The latter Davis termed "totally unsatisfactory" at a time of rapid enrolment increases.⁵⁷ Needless to say, a grants scheme based on enrolment would have

⁵⁵ Ibid., pp. 2-3.

⁵⁶ William G. Davis, Estimates of the Department of University Affairs (Toronto: Queen's Printer, 16 June 1966), pp. 11-12.

been financially favourable to Ontario in the 1960's, and would have entailed sizeable increases (of about fifteen per cent) in the federal grants each year. Davis offered no suggestion of the base size of the proposed grants, however. A further recommendation made by the Minister in the Estimates was a proposal that Ottawa underwrite fifty per cent of the costs of capital construction at Ontario universities. This matter is discussed at a later point in this section.

The private position of the Ontario government in early 1966 stood in some contrast to its public posture. The contrast was largely in the emphasis afforded to how the federal grants were to be distributed. Privately, Ontario insisted that federal grants henceforth be made directly to the provincial government. Leslie Frost, former Premier and influential member of the Committee on University Affairs, at the Committee's meeting of January 1966, stressed that the principle of provincial responsibility in education was paramount and that no federal grants should be allowed to interfere with policy that had been established by the province. Frost recalled that Quebec had long since opted out of the per capita grants scheme, and suggested that, if Ontario's policies in higher education were to be preserved, Ontario might have to do the same thing.⁵⁸

⁵⁸ Committee on University Affairs, Minutes, 27 January 1966, p. 2. We may note that even in his "retirement", Frost was a CUA member. According to an official of the Department of University Affairs in an interview, the former Premier enjoyed considerable influence with Premier Molarts.

As we have seen, this is the impression which federal officials had read into the Allan speech; but Ontario had not publicly threatened to opt out. In April 1966, the Ontario government officially (although privately) made this threat to opt out unless federal grants were changed so that they would be made directly to the province.⁵⁹ It was made clear that, as far as the Ontario government was concerned, the problem was not that the federal grants were conditional. (As we have seen, Ontario could and did find ways to work around the conditional nature of the per capita scheme, so that in effect it was treated as unconditional, at least in 1966.) Nor was it that Ontario opposed federal involvement in higher education in general. The difficulty was that the grants were being offered directly to the universities. No explicit promise to opt out was made. There was only a warning of this possibility should the grants not be distributed to the provincial government. As an official of the Ministry of Treasury, Economics, and Intergovernmental Affairs related in an interview, Premier John Robarts' opposition to direct grants to universities was based on two considerations. First Ontario considered the direct grants unconstitutional. In addition, there was concern that "sooner

⁵⁹ Letter, 29 April 1966, Department of Finance files, p. 1.

or later" an ever more costly direct federal-university relationship would have involved imposition of federal standards.

The Ontario threat to opt out had a great influence on the federal government, as we shall see later in this section and in Section F, but it had no discernible impact on the universities. The university community, through its submissions and periodicals, continued to call for a perpetuated and increasingly generous direct federal association with Canadian universities. It appears that, in contrast to Ontario's opposition to a proposed federal grants programme in 1963, the provincial government did not take Ontario universities into its confidence in this period. An Ontario civil servant insisted in an interview that the universities of Ontario "must have known" that Ontario was privately expressing to Ottawa increasingly unqualified opposition to any formula involving direct federal grants to universities in early 1966. However, there is nothing in the conduct of the university lobby in this period, or in its reaction to the new federal proposals of October, that betrays an awareness of the new realities of the federal government-Ontario relationship in this matter.⁶⁰

Paradoxically enough, in this very period that Ontario was becoming increasingly opposed to a direct relationship

⁶⁰In this connection, also see Chapter III, Part Two, Section C, Subsection 4; and Sections F and G in this chapter.

between the federal government and the universities of Ontario, the Ontario government began for the first time to petition Ottawa for capital assistance. We know that university construction, and university construction costs, were at their peak in this period from the middle to the late 1960's. The newly-founded "emergent" universities of Ontario (Brock, Guelph, Lakehead, Laurentian, Trent, and York) were rapidly taking shape at this time. We also know that a mere three years earlier, the provincial government positively refused to entertain the Canadian Universities Foundation's suggestion that Ottawa contribute to capital costs. However, as early as July 1965, Ontario proposed to a federal-provincial conference that Ottawa provide 25% of operating and 50% of capital costs to the provincial government.⁶¹ It was therefore without surprise that the federal government received an urgent letter from the Ontario government in February 1966. The letter requested an early federal-provincial meeting to take up the manner in which Ottawa could relieve the provinces of the full burden of capital construction.⁶²

In Ottawa's reply, the matter was effectively shelved for an

⁶¹John P. Robarts, "Opening Statement by the Honourable John P. Robarts," in Privy Council Office, Federal-Provincial Conference: Ottawa, July 19-22, 1965 (Ottawa: Queen's Printer, 1968), pp. 39-40.

⁶²Letter from the Ontario government to the federal government, 21 February 1966, Department of Finance files, p. 1.

indefinite period.⁶³ As early as November 1965 the prevailing view in Ottawa was that it would not be constitutionally appropriate for Ottawa to become involved in capital financing, as this would include examining capital budgets of universities and passing judgement on them.⁶⁴

Of course, one might think that the provinces, or at least Ontario, would refuse to consider such a federal intrusion in a field of provincial jurisdiction. However, in an interview an official of the Department of University Affairs noted that the great capital expenses of the period must have "weighed heavily" on University Affairs Minister Davis' mind. He also pointed out, as did Davis in his Estimates, that the capital assistance offered by the federal government for vocational facilities through the Technical-Vocational Training Act could have been extended to the province for universities on the same basis (Ottawa supplying half the cost of construction).⁶⁵ On the other hand, we have seen (in Chapter

⁶³ Letter from the federal government to the Ontario government, 16 March 1966, Department of Finance files, p. 4.

⁶⁴ Memorandum, 2 November 1965, Department of Finance files, p. 6.

⁶⁵ Davis, Estimates of the Department of University Affairs, op. cit., p. 12.

II) that TVTA funds were far from unconditional, and that certain national standards were upheld in that programme.⁶⁶ In all likelihood, Ontario's willingness to abide some distortion of provincial autonomy in university education can be accounted for by the fact that fifty per cent of Ontario's capital costs in the 1966-1967 academic year would have run close to \$80,000,000,⁶⁷ an enticing figure indeed and by itself more than twice the annual federal per capita grant to universities in the province, even at the five dollar per capita level.

At the same time that the series of events considered in this section was unfolding, Prime Minister Lester Pearson seemed to institute a new approach to dealing with the provinces generally and Quebec especially. He labelled this philosophy "cooperative federalism," although in some respects it closely resembled what is called executive federalism in this thesis. According to Judy LaMarsh, who was more informative on this matter in her memoirs than was Pearson in his, Pearson came under the influence of Maurice Lamontagne while serving as Leader of the Opposition around 1960. In effect, Lamontagne convinced Pearson that in the long run Confederation could be

⁶⁶Lionel Orlikow, Dominion-Provincial Relationships in Canadian Education, 1960-1967 (Unpublished Ph.D. Thesis, University of Chicago, 1969), p. 89.

⁶⁷Letter, 16 March 1966, Department of Finance files, p. 1.

maintained only if Ottawa acceded to Quebec's desires to be maitres chez nous.⁶⁸ This involved permitting Quebec to be fully autonomous in those fields in which it (not Ottawa) believed its unique cultural interests to be at stake. Time and again, Quebecois political leaders have listed education in all forms as the single most important Quebec jurisdiction.⁶⁹ In the most complete exposition of the Pearson-Lamontagne interpretation of cooperative federalism offered to date, Jean-Luc Pepin noted that such provincial priorities as education, social security, highways, and economic development should be carried out free of federal involvement;⁷⁰ that Quebec has a "particular" but undefined status,⁷¹ and that constant consultations between the two levels of government in Canada are essential.⁷²

After he became Prime Minister, and particularly after 1965, Pearson was also, and in a similar direction, influenced by the "three wise men" newly recruited into his government from Quebec, Gerard Pelletier, Pierre Trudeau, and Jean Marchand. Pearson seems to have been particularly impressed by Trudeau.⁷³

⁶⁸Judy LaMarsh, Memoirs of a Bird in a Gilded Cage (Toronto: McClelland and Stewart Limited, 1968), p. 102.

⁶⁹For such a list presented in the time under consideration here, see Daniel Johnson, "What Does Quebec Want-- 1967," in J. Peter Meekison, editor, Canadian Federalism: Myth or Reality, Second Edition (Toronto: Methuen, 1971), p. 428.

⁷⁰Jean-Luc Pepin, "Co-operative Federalism," in ibid., p. 314.

⁷¹Ibid., p. 315.

⁷²Ibid., pp. 313, 315.

⁷³Lester B. Pearson, Mike Volume III (Toronto: University of Toronto Press, 1975), pp. 217-218, 257.

As we have seen, Trudeau was dubious about the constitutionality of federal university grants. He also opposed opting out on principle. In his memoirs Pearson vaguely observed that Quebec's opposition to grants directly offered to universities was answered by "cooperative federalism" on his part. This seemed to imply agreement to frequent negotiations and accommodation with Quebec's own priorities through a formula where federal assistance to universities was paid directly to the province, which could then legally spend it however it wished.⁷⁴ All in all, it is clear that the Liberal government of Lester Pearson in 1966 was strongly predisposed to accept a high degree of provincial autonomy in higher education in the new scheme which was in the process of formulation within the federal government.

At the same time when the new federal programme to assist universities was under consideration, and "cooperative federalism" was gaining support in the federal Cabinet, Secretary of State LaMarsh attempted to define a federal responsibility in higher education, and commenced to establish an office to coordinate Ottawa's higher education activity. In January 1966, the Secretary of State was assigned "the encouragement of the literary, visual, and performing arts, learning and cultural activities."⁷⁵ Over the following months she apparently

⁷⁴ Ibid., p. 247. It should be noted that the former Prime Minister was gravely ill while preparing this section of his memoirs, and that his vagueness on important matters may be largely attributable to the state of his health.

⁷⁵ Robert Stanbury, "The Federal Role in Education," Queen's Quarterly (Vol. LXXIV, No. 3, Autumn 1967), p. 373.

endeavoured to define "learning" as taking in universities, which, she claimed, were not strictly speaking "education" under the British North America Act. She noted that "education, in terms of the times [1867], was nothing more than the extension of family responsibility."⁷⁶ Besides, "learning is a truly national [preoccupation] and, as such, must be of real concern to the federal government."⁷⁷ Accordingly, LaMarsh appointed Ernest Steele, Under-Secretary of State, to head a new, unnamed office (which later became the Education Support Branch) to coordinate federal higher education activity, and designated University of Toronto Registrar Robin Poss as special consultant to her Department on questions relating to Ottawa's support for higher education.⁷⁸ What became of all this activity?⁷⁹ LaMarsh ignored it completely in her memoirs, which hints at an answer to this query. Apparently the Prime Minister's growing enthusiasm for "cooperative federalism" and opposition to opting out in the wake of Daniel Johnson's ascent to the Premiership of Quebec (that is, Ottawa's acknowledgement of the

⁷⁶ "French-Canadian Press Opinion," Montreal Star (1 August 1966), p. 6.

⁷⁷ Quoted by R.W. Prettie in House of Commons, Debates, 16 Elizabeth II 1967, Volume XIII (Ottawa: Queen's Printer, 1967), p. 13727.

⁷⁸ Stanbury, op.cit., pp. 373, 375.

⁷⁹ R.W. Prettie asked this question aloud in Parliament on 3 March 1967. Prettie, op.cit., p. 13727. As far as can be determined, he received no answer.

new character of the federal setting) caused the vigorous federal role suggested by LaMarsh's activity to be aborted before it could lead to clashes with Quebec or other provinces.

In the spring of 1966, the federal government was strongly considering the institution of a new proposal for assisting universities, and was weighing options. As this was going on, officials of the Ontario government were consulted and were afforded the opportunity to make suggestions for the new programme. A meeting was held between Department of Finance officials and Ontario Superintendent of Curriculum J.R. McCarthy and University Affairs Minister Davis in Toronto in April 1966. One Ontario representative noted that were it not for financial pressures which Ontario was experiencing at the time, the province would prefer to see no federal role whatever in higher education.⁸⁰ He argued that the federal government should discontinue its direct relationship with his province's universities. The suggestion was that Ottawa offer unconditional, direct capital and operating grants to the province.⁸¹ The Department of Finance

⁸⁰Memorandum, 2 May 1966, Department of Finance files, p. 1. The meeting with McCarthy had taken place on 19 April.

⁸¹Ibid., p. 1.

officials received the impression that the Ontario government firmly supported this proposal.⁸² In the following month, at a meeting of federal Finance and Ontario Treasury officials, Ontario sought large unconditional grants.⁸³ Federal officials asked how Ontario could permit the federal government to make sizeable capital and operating grants when federal but not provincial grants were being offered to denominational universities. Would greatly increased federal operating grants, and generous capital support, not undermine the long-cherished provincial policy of refusing to support denominational universities?⁸⁴ There was some implication that the problem was acknowledged, but no suggestions were offered for avoiding it.⁸⁵ At that time, Ontario's priorities were clearly the acquisition of the most money possible for higher education, and receiving it directly from the federal government. The Department of Finance files do not provide evidence that information on the options then being considered within

⁸² Ibid., p. 2.

⁸³ Memorandum, 27 May 1966, Department of Finance Files, p. 2.

⁸⁴ Note that on many occasions Ontario officials had expressed the fear that federal grants for denominational institutions could place the provincial government in an awkward position relative to its universities.


⁸⁵ Memorandum, 27 May 1966, op.cit., p. 2.

the federal government was broached by federal officials in their meetings with provincial officials in the spring of 1966.

In the five and one-half months between early May 1966 and the introduction of the new federal proposals at the October federal-provincial conference, federal government officials weighed options and determined priorities in their endeavours to work out a new scheme for supporting universities. By early May Finance officials were examining five options for supporting universities: a straight fiscal transfer (tax points) to the provinces; a transfer to influence the pattern of university development; payments to create special university centres of excellence; grants for research; and transfers to the provinces specifically for higher education.⁸⁶ The memorandum acknowledged that the federal setting was such that the fifth option represented the maximum federal involvement which would not provoke unacceptably contentious federal disputes.

By late May the Secretary of State's Department was coming to the view that there were really only two alternatives

⁸⁶Memorandum, 9 May 1966, Department of Finance files, p. 1.



open to the federal government. One option was to give increased aid directly to universities and face the prospect of opting out by certain (unspecified) provinces.⁸⁷ It was noted that the direct grants to universities could easily be turned into unconditional grants to the provinces by adjustments in levels of provincial support to universities.⁸⁸ What was preferred was the second option, which may be regarded as the scheme settled upon in October in embryonic form. In May it constituted a choice for each province of either twenty-five per cent of operating costs in that province, or twenty-five per cent of the national average of university expenditure per capita multiplied by the provincial population.⁸⁹ Four advantages for this second option were listed. They were that this formula related federal aid directly to growth in university costs,⁹⁰ it preserved the position of the financially weaker provinces by permitting them to choose an option related to national costs, it offered the possibility that this form of assistance would better focus public attention on the requirements

⁸⁷Memorandum, 26 May 1966, Department of Finance files, p. 2.

⁸⁸Ibid., p. 4.

⁸⁹Ibid., p. 4.

⁹⁰See Section H of this chapter and Chapter V for second thoughts about this "advantage".

of universities and thus the willingness of the federal government to consider these needs a shared responsibility, and it permitted the possibility of the inclusion of a factor for amortization of capital costs in operating budgets.⁹¹ Note that in the last two memoranda discussed, consideration appears to have been given only to assisting universities, not all post-secondary education. Moreover, Ontario's request for capital and per-student operating assistance seems not to have been seriously considered at all.

It is clear from the memoranda of May that there were two sets of federal priorities respecting aid to universities. They were those objectives which were highly desirable but impracticable because of sure provincial opposition, and those less desirable but acceptable to the provinces. The first group included the notion of designing federal grants to rationalize university development in Canada, either regionally or nationally, by making grants conditional upon establishment of adequate machinery for regional or national coordination of university development.⁹² Equally unrealistic was the desire to remedy what was perceived by some as the

⁹¹Memorandum, 26 May 1966, op.cit., p. 4.

⁹²Memorandum, 16 May 1966, Department of Finance files, p. 4.

urgent shortage of highly skilled manpower at the time by fashioning the university assistance so as to develop university facilities in closer relation to defined national manpower objectives.⁹³ There was general recognition by federal officials that such goals were wishful thinking. Indeed, it was acknowledged at the highest levels of the federal government that the federal government would not be permitted by the provinces to exercise even minimal controls over whichever grants programme it introduced.⁹⁴

Federal officials also acknowledged that the advantages cited for the embryonic scheme for federal university support were the most that could be anticipated under the circumstances.⁹⁵

Another consideration which received attention in May was that the new federal programme for assisting universities would have to be acceptable to the province of Ontario. At this time, in contrast to the autumn studies, there was still some willingness in Ottawa to consider a programme

⁹³Memorandum, 5 May 1966, Department of Finance files, p. 1.

⁹⁴Memorandum, 13 May 1966, Department of Finance files, p. 3.

⁹⁵Unsigned Memorandum, 16 May 1966, Department of Finance files; p. 2.

of large conditional grants paid directly to the provinces, from which Québec would almost certainly continue to opt out. The opting out of Québec was still regarded as a tolerable possibility in May. But were Ontario to join in such a response, more than one half of the people of Canada would be outside the programme. Moreover, some civil servants expressed the opinion that, in this matter at least, Ontario exercised something of a leadership role within English Canada. If Ontario chose to opt out of a conditional grant programme, other provinces might follow her lead.⁹⁶ Consequently, it was suggested that provinces be consulted at a high level before such a programme was undertaken.⁹⁷ As it turned out, by autumn a conditional grant scheme was no longer under consideration.

In September, ministers resumed the discussion of a new federal aid programme. One of the issues centred upon the unsuitability of a per capita scheme. It was observed that the 1966-1967 grants at five dollars per capita ranged from supplying over sixty per cent of university costs in

⁹⁶ Ibid., p. 5.

⁹⁷ Ibid., p. 4.

Prince Edward Island to under twenty per cent in British Columbia.⁹⁸ Besides, under the per capita scheme, universities could find no way to apply leverage with the provinces to keep the latter from adjusting their own level of assistance in line with the federal grants.⁹⁹ By contrast, under a federal aid programme which constituted a percentage of costs, there could be a positive influence on the growth of universities, and the universities would have some bargaining power when dealing with provincial governments.¹⁰⁰ By this time there appear to have been no alternatives to the cost-sharing scheme still under serious consideration.

By the middle of October, the programme of conditional grants for universities had been laid to rest once and for all. An important consideration at the highest levels of the federal government was Ontario's opposition to continued direct federal grants to universities. It was also noted that there was strong evidence that the per capita scheme had caused a downward adjustment in provincial grants.¹⁰¹ There was strong opposition to block grants paid directly to

⁹⁸ Memorandum, 9 September 1966, Department of Finance files, pp. 3-4.

⁹⁹ Ibid., p. 4.

¹⁰⁰ Ibid., p. 6.

¹⁰¹ Memorandum, 12 October 1966, Department of Finance files, pp. 4-5.

the provinces, because of the federal government's policy of moving toward uniform arrangements with all provinces.¹⁰²

This was a euphemism for the belief that as Quebec would have opted out of any conditional grants proposal, the federal government should offer only unconditional aid.

The view was emerging at the highest levels of the federal government that it would serve the cause of national unity in the long run if the federal government formulated national policies acceptable to the Quebec government in jurisdictions of great sensitivity in that province. If this were done, Quebec might no longer feel obliged to opt out.¹⁰³ No doubt

this interpretation was influenced by the June election and subsequent autonomist policies of Premier Daniel Johnson. By implication, a cost-sharing scheme would meet the above criteria.¹⁰⁴ The implication of this memorandum was essentially that Ottawa should accept an increasingly fragmented federal setting, to avert the serious federal disputes and federal stress which could generate still greater fragmenta-

¹⁰² Ibid., p. 7.

¹⁰³ For Premier Johnson's statement at the September Tax Structure Committee, which preceded this memorandum by about four weeks, see Section F below and Daniel Johnson, "Statement by the Honourable Daniel Johnson, Prime Minister of the Province of Quebec," in Federal-Provincial Tax Structure Committee: Ottawa September 14th and 15th 1966 (Ottawa: Queen's Printer, 1966), pp. 49-57.

¹⁰⁴ Memorandum, 12 October 1966, op.cit., p. 10.

tion in the future.

Just as the Ontario government was not completely frank with the universities about the strength of its opposition to any direct federal grants scheme, the federal government was not entirely forthcoming with the universities either. It is true that two of the reasons why the cost sharing scheme was supported in Ottawa were that it would stimulate university expansion and afford greater bargaining power to the universities in their dealing with provinces. Moreover, federal officials considered the per capita grants programme to constitute a virtual unconditional cash transfer to the provinces. The universities saw things differently. They deemed their annual cheque from Ottawa a form of leverage with the provinces which they did not wish to lose. Even in October the universities continued to call for implementation of the Bladen Commission recommendation of an additional dollar in direct per capita support each year.¹⁰⁵ In addition, the Association of Universities and Colleges of Canada joined Ontario in requesting that Ottawa underwrite

¹⁰⁵ G.C. Andrew, Memorandum to Heads of Member Institutions, Association of Universities and Colleges of Canada, 18 October 1966, AUCO Library, Ottawa, p. 3.

one half the costs of capital construction.¹⁰⁶ At a meeting of 7 October between the AUCC Board of Directors and the federal Cabinet Education Committee, the Cabinet representatives attempted to tell the universities that the per capita grants were unsatisfactory because "a number of provinces might choose to opt out," and the remaining provinces might pocket the money anyway.¹⁰⁷ They apparently could not bring themselves to admit to the AUCC that the per capita scheme, or any programme of direct grants to universities, had been largely ruled out of consideration five months earlier. The meeting concluded with the AUCC Board still hopefully supporting the per capita direct grants. The Board of Directors even suggested that Ottawa instigate negotiations with the provinces respecting the use of a weighted formula for the grants, which would encourage the universities to strengthen graduate studies and professional training, to produce high level manpower which the federal government was known to desire.¹⁰⁸ Everything

¹⁰⁶ Ibid., p. 2.

¹⁰⁷ Ibid., p. 3.

¹⁰⁸ Ibid., p. 3. As we know, such a federal policy had been regretfully ruled out by federal officials in May 1966 without an attempt being made to reach agreements with the provinces.

considered, the universities were not prepared for the details of the new federal programme which was introduced less than three weeks later.

The university community was not the only non-governmental party concerned with Ottawa's consideration of university assistance policies. To be sure, business associations in Canada are not noted for their propagandizing in the higher education field. They are temperamentally concerned with practical rather than theoretical or constitutional matters. But they do wish Canada's educational facilities at all levels to provide them with personnel as highly qualified as possible.¹⁰⁹ In 1966, a group of industrialists, educators, and political figures call the "Pussycats" suddenly appeared. Their objective was to convince the federal government and the ten provincial governments that educational standards in Canada were too low, and that full national coordination of education at all levels through a national education office was essential.¹¹⁰ Recognizing provincial

¹⁰⁹ An example of a submission of a business group in the period is Canadian Manufacturers' Association, Statement of the General Views of the Canadian Manufacturers' Association on Education and Training, September 1966 (mimeographed in CMA Library, Toronto).

¹¹⁰ Barry Zwicker, "The Pussycats: On the Prowl to Change the Goals of Education", The Globe and Mail (Toronto), 20 September 1966, p. 7.

jurisdiction in education, the Pussycats suggested that this office be made up of representatives of the ten provincial governments, with Ottawa not necessarily involved directly except for financial assistance.¹¹¹ Although the Pussycats' activity seems to have reached its peak in the months just preceding the October 1966 federal-provincial conference, at no time did their recommendations for coordination of higher education in Canada appear to exert any influence over the federal officials putting together the new federal programme. Department of Finance files on assistance to universities do not acknowledge the Pussycats' existence. Indeed, as the desire to prevent Quebec from opting out of the new formula was a crucially important consideration in the final stages of the drafting of the new proposal, no suggestion for national coordination of education could have been entertained at that time (as Secretary of State LaMarsh could attest).

F. Autumn 1966: Two Federal-Provincial Conferences

As the October conference for the announcement of the new federal policy toward universities approached,

¹¹¹Ibid., p. 7.

it was clear within the federal government that a cost-sharing proposal involving operating but not capital expenses would be offered to the provinces in October, with an option providing a certain amount of equalization for the poorer provinces. Ontario's position had been explicitly spelled out to the federal government, although apparently not to the universities or the public. Ontario's threat to opt out of any formula for direct federal grants to universities took this alternative out of serious consideration. By autumn, and particularly in the aftermath of the September Tax Structure Committee meeting, the federal government had lost interest in any scheme from which Quebec might elect to opt out. Consequently, no conditional grants proposal, even one involving grants paid to the provinces and thus fully acceptable to Ontario, could be considered. The new programme would have to be acceptable to Quebec and therefore be both direct and unconditional. Thus, by the autumn of 1966, strictly speaking, the positions of Ontario and other provinces save Quebec were no longer decisive in the formulation of federal policy on university assistance. In this sense, John Porter was correct in labelling the eventual federal proposal the

"Quebec solution". However, there were still two alternatives open to the federal government within the limits of direct and unconditional grants. These grants could take the form of the transfer of a stated percentage of university costs, or an unconditional transfer of tax points.

Six weeks before the October federal-provincial conference, the Federal-Provincial Tax Structure Committee met to consider fiscal arrangements for the upcoming 1967-1972 period. At this September meeting, most provinces offered suggestions about the nature of the relationship between Ottawa and the provinces in tax sharing, cost sharing, higher education, medicare, and equalization.¹¹² The federal government's opening statement, by Finance Minister Sharp, was so vague as to betray not the slightest information about the nature of the upcoming university assistance proposals.¹¹³ The Ontario statement was presented by Premier Robarts. The Premier recited the customary litany of provincial fiscal troubles, and suggested that

¹¹²In fact, the provinces aired whatever grievances they happened to be nursing at the time on any and all matters. Federal-Provincial Tax Structure Committee; Ottawa September 14th and 15th 1966, op.cit., pp. 33-141.

¹¹³M.W. Sharp, "Statement by the Honourable M.W. Sharp, Minister of Finance of the Government of Canada," in ibid., p. 23.

the federal government should be willing to surrender some thirty additional points of personal income tax to the provinces. He mentioned no specific figure.¹¹⁴ As Ottawa then retained seventy-six per cent of personal income tax collected in each province except Quebec, Robarts' proposal would have reduced the federal share of personal income tax to near fifty per cent. The Ontario Premier believed that the federal government's other sources of tax revenue were so lucrative that Ottawa did not require more than one half of the personal income tax take.¹¹⁵ Minister of Finance Mitchell Sharp, however, asserted the need to "get away from what is tending to become a conventional notion that the Federal Government can and should be expected to give greater tax room to the provinces."¹¹⁶ Sharp specifically defended Ottawa's "substantial position" in the personal income tax field on the grounds that "this is

¹¹⁴ John P. Robarts, "Statement by the Honourable John P. Robarts, Prime Minister of the Province of Ontario," in ibid., pp. 38-39.

¹¹⁵ Ibid., p. 39.

¹¹⁶ Sharp, "Statement by the Honourable M.W. Sharp, Minister of Finance of the Government of Canada," op.cit., p. 25.

the principal tax by which equity is achieved between the rich and the poor across the nation," and it "is one of the central instruments for regulating total demand in the economy."¹¹⁷

The Finance Minister gave no indication of how much abatement of personal income tax to the provinces would be too much, but there can be no doubt that Premier Robarts' proposal far exceeded any abatement to which Sharp would grant serious consideration.

At the same conference, Premier Daniel Johnson of Quebec demanded that Ottawa withdraw totally from all shared cost and joint programmes in fields of provincial jurisdiction or "provincial priority," in respect to his own province. Johnson made it clear that he believed that Quebec, and only Quebec, deserved a special status within Confederation for "social and cultural reasons."¹¹⁸ He also called for a new constitution "to give Quebec all the powers needed to safeguard its own identity."¹¹⁹ Accordingly, the Premier seemed to favour the continuation of shared-cost and joint programmes involving Ottawa and the other nine provinces, rather than federal policies tailored to Quebec's desires. Amongst Quebec's suggestions at the September conference was one that the federal government

¹¹⁷ Ibid., p. 25.

¹¹⁸ Johnson, "Statement by the Honourable Daniel Johnson, Prime Minister of the Province of Quebec," op.cit., p. 51.

¹¹⁹ Ibid., p. 50.

gradually transfer exclusive jurisdiction over personal and corporate income taxes in the province to Quebec.¹²⁰

It was in this environment that the final deliberations of the federal officials preparing the new proposals for supporting universities were undertaken. Because opting out was no longer popular in Ottawa, whatever Premier Johnson's preferences might have been, the new programme would have to be so clearly unconditional that Quebec would have no pretext to refuse to take part. It is quite possible that Johnson's very enthusiasm for a quite distinct status for Quebec and a new constitution may have prodded the federal officials into devising a formula which would minimize the prospect of either of these eventualities. The Finance Department memorandum of 12 October seems to support this interpretation. Just as the new scheme may have been designed to inhibit Quebec's progress toward associate statehood, it may also have been fashioned to blunt the growing demands by such provinces as Ontario and Quebec for additional "tax room." We recall that Premiers Robarts and Johnson requested substantial increases in abatements of personal income taxes at the September Tax Structure Committee meeting. In a memorandum prepared nearly three years after the new federal proposal was introduced, Finance officials observed that the fiscal transfer scheme, as intended, had helped to supply

¹²⁰Ibid., pp. 52-54.

resistance to provincial demands for tax abatements in 1966.¹²¹ However, material in Department of Finance files for autumn 1966 did not specify this consideration amongst the many reasons for the introduction of the new programme.

Over the five months since May, the new federal programme for assistance to universities somehow had broadened into a scheme for the support of all post-secondary education. The reason for this was apparently related to the discontinuance of the Technical-Vocational Training Act, which was being announced at the same time. It may have been thought in Ottawa that the provinces might be more inclined to support a proposal which provided assistance to all post-secondary education under these circumstances. For example, we may recall that Ontario had planned her Colleges of Applied Arts and Technology in such a way that they would be eligible for TVTA capital grants. Under the new federal programme covering all post-secondary education, these institutions would become eligible for operating support from the federal government on the same basis as universities.¹²²

¹²¹Memorandum, 19 June 1969, Department of Finance files, p. 1.

¹²²For more information on the Technical and Vocational Training Act itself, see Orlikow. For the introduction of the new federal adult manpower training proposals and the Adult Occupational Training Act, see J. Stefan Dupré, David M. Cameron, Graeme H. McKecmnie, and Theodore B. Rotenberg, Federalism and Policy Development: The Case of Adult Occupational Training in Ontario (Toronto: University of Toronto Press, 1973).

Six days before the new proposals were to be offered to the Premiers, the new formula for assisting universities was considered by Cabinet. As perceived by Ottawa, the basic objective of the programme was to assist in the attainment of standards of higher education throughout Canada to meet national requirements for highly qualified men and women.¹²³ (We may note that at the time it was universally agreed that there was needed an indiscriminate increase in the numbers of such people.) The second objective was that the public be easily able to identify the programme as a federal response to national needs for the development of higher education. Other objectives were a scrupulous respect for the constitutional rights of provinces in determining the structure and content of higher education policies, a relating of federal aid to actual costs of post-secondary education while it was being provided to provinces unconditionally, a consistency with Ottawa's determination to move toward universal treatment for all provinces and away from special treatment for any province, and a five-year limit to the programme to ensure flexibility to adapt to any changes over that period.¹²⁴

¹²³ Memorandum, 18 October 1966, Department of Finance files, p. 1.

¹²⁴ Ibid., p. 1.

Relevant factors cited in the memorandum were that a continuation of direct per capita grants to universities would cause other provinces to opt out as well as Quebec; virtually any federal grants scheme would in effect constitute unconditional grants to provincial governments anyway; the provincialization of Canadian universities was an established fact whatever Ottawa wished or attempted to do; denominational schools would be able to pressure provincial governments to grant them assistance; and the revision in the technical and vocational training would facilitate a coordinated federal approach across the whole range of post-secondary education and training.¹²⁵

This memorandum suggested a two-option formula. Provinces would be given the choice of accepting either a fixed percentage of total operating costs of post-secondary institutions or a per capita scheme. These funds would be transferred to most provinces through the abatement of personal income taxes (equalized to the national average).¹²⁶ Thus, the "stated percentage" option was being recommended.

¹²⁵ *Ibid.*, p. 2. The memorandum did not propose that the new programme would encourage provinces to spend more money on universities, although this can be read into the basic objective. Also, there was no repetition of Prime Minister St. Laurent's mention of the mobility of students or Ottawa's employing large numbers of university graduates.

¹²⁶ Memorandum, 18 October 1966, *op. cit.*, p. 3.

This is not precisely the federal proposal brought by the Prime Minister to the federal-provincial conference of 24-28 October. Over the intervening five days it was "sweetened" considerably. Late on Sunday, 23 October, the representatives of the provinces were permitted a preview examination of the federal proposals and were not particularly pleased. Their distress was probably greatest over the unexpected termination of the generally popular TVTA programme. Provincial officials expressed outrage over the suddenness of the new proposals. They contended that they had not been fully consulted in advance, and complained that overnight they would have to formulate reactions to highly complex proposals which required detailed statistical study.¹²⁷ Interviews with Ontario civil servants who attended the conference have produced two somewhat conflicting accounts of the reaction to the federal proposals; although, in fact, both versions may be accurate. One source recalls that the general character of the new programme for assistance to higher education was not really unanticipated, and that provincial professions of surprise and outrage were essentially political posturing for theatrical and tactical purposes. By this account, through such a reaction the provinces

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Interviews with officials of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario. For the Prime Minister's reasons for ending TVTA, see L.B. Pearson, "Opening Statement by the Right Honourable L.B. Pearson, Prime Minister of Canada at the Conference on Financing Higher Education," in Privy Council Office, Federal-Provincial Conference Ottawa, October 24-28, 1966 (Ottawa: Queen's Printer, 1966), pp. 8-10.

hoped that Ottawa would both "sweeten the deal" by increasing the proposed fiscal transfers, and agree to consult with the provinces more fully in the future.¹²⁸ (As it happened, the federal government did both, but in Ontario's opinion the promise of prior consultation has not always been honoured.¹²⁹) The second source insists that only the "vague generalities" of the new programme were known to Ontario officials prior to the evening of 23 October.¹³⁰ There is nothing in the Ministry of Finance files on assistance to higher education to indicate that Ontario was taken into Ottawa's confidence prior to the conference.

Whatever the Ontario representatives may or may not have known or expected in advance, the federal proposal was made significantly more attractive just before being formally presented at the conference. The scheme as outlined by Pearson at the conference was nearly in the form which the programme ultimately would assume: a federal transfer of either fifty per cent of total operating costs of post-secondary institutions or fourteen dollars per capita of the provincial population, both in the form of four personal income and one corporation income tax points equalized to the national average, plus an

¹²⁸ Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

¹²⁹ Interviews with official of the Ministry of Treasury, Economics and Intergovernmental Affairs, Ontario.

¹³⁰ Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

equalization payment to the poorer provinces, plus whatever additional fiscal transfer was necessary to reach fifty per cent of operating costs or fourteen dollars per capita, whichever the province chose.¹³¹ The Prime Minister specifically ruled out federal capital assistance on constitutional grounds.¹³² During the conference, the fourteen dollar per capita figure was raised to fifteen dollars, presumably as the result of pressure from poorer provinces which would be taking advantage of this option. These proposals were not presented on the same "take it or leave it" basis as the 1951 per capita grants. However, the Prime Minister appeared willing to entertain only provincial suggestions for modifications in the programme; not recommendations to scrap it entirely.

As an official of the Ontario government noted in an interview, one of the strengths of the new formula was that it could be interpreted by each level of government however it wished. There can be no question that, from the federal government point of view, this new programme was to be a cost-sharing scheme. By this way of thinking, Ottawa and the prov-

¹³¹ Pearson, "Opening Statement by the Right Honourable L.B. Pearson, Prime Minister of Canada at the Conference on Financing Higher Education," *op.cit.*, pp. 11-12. The fifteen dollar per capita grants, eventually accepted by New Brunswick, Prince Edward Island, and Newfoundland, would increase each year at the rate of increase in post-secondary operating expenditures in all provinces.

¹³² *Ibid.*, pp. 11-12.

inces would share equally, and be equal partners, in providing government's contribution to the operating costs of Canadian universities. The implication of this interpretation, which is discussed in more detail below in Section H of this chapter and in Chapter V, is that the federal government, as well as provincial governments, had a legitimate interest in seeing that university expenses were kept within reasonable bounds. While, as we shall see, this is what Ottawa later claimed to be her privilege given the nature of the scheme, the federal officials did not publicly or privately assert this right, or any supervisory or even consultative powers, at the October conference.¹³³ Two possible reasons for this come to mind. It hardly would have been politic to make such a claim at a time of provincial assertiveness, and the federal government failed to foresee the great cost increases which the new programme would involve.

The provincial governments, or at least Ontario, chose to interpret the new programme as an unconditional transfer of income tax points. The Ontario officials did not anticipate

¹³³ For the public statements of the federal government, see *ibid.* The absence of private claims to supervisory or consultative powers is reported by officials of the Ontario government in interviews. The reaction to the federal proposals of the Progressive Conservative education critic in Parliament, Alvin Hamilton, was negative. Hamilton claimed that Ottawa was surrendering power and initiative in a field in which it "will have to play an increasingly larger part." House of Commons, *Débates* 15 Elizabeth II 1966 Volume IX (Ottawa: Queen's Printer, 1967), pp. 9292-9293. Hamilton may not have been aware of the Cabinet's preoccupations as expressed in the 12 and 18 October memoranda. The federal government's public statements had not presented their concerns as fully as these memoranda had articulated them.

that the annual federal transfers would exceed the value of the tax points, because they projected one half the post-secondary operating expenditures in the future as constituting less than the value of the tax points. Consequently, Ontario expected that federal payments would be totally unconditional and related exclusively to the tax points, and in no sense related to the expenses of post-secondary institutions.¹³⁴ Of course, had one half the post-secondary operating expenditures kept within the value of the tax points, this scheme would indeed have become simply an unconditional tax transfer. When this did not happen, the "strength" of the programme from its vagueness became a weakness, and a cause of controversy and misunderstanding between federal and provincial governments.

At the time of the introduction of the fiscal transfer, these future difficulties were foreseen by no one. The Ontario representatives to the conference later came to consider the university assistance proposals the "sweetest deal ever" from a fiscal standpoint.¹³⁵ The money offered to Ontario--projected to be something in excess of \$115,000,000 in the first year of the programme--was many times greater than the total amount of the direct per capita grants in the last year of that scheme.

¹³⁴ Interviews with Ontario civil servants.

¹³⁵ Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

Moreover, the undesirable direct relationship between Ottawa and the universities would be discontinued. Of course, the Ontario government would have been still more pleased had Ottawa offered to transfer a much larger number of tax points, as Premier Robarts had requested. But Ottawa's unwillingness to consent to wholesale abatement of its income tax was well known, and the Premier's appeals had been made essentially for tactical purposes.¹³⁶ Besides, the new scheme involved the transfer of a number of tax points, which in Ontario's opinion was a step in the proper direction.

In spite of all this, as the October federal-provincial conference proceeded, the provincial governments' professions of shock, outrage, and disappointment continued unabated. Largely because of a phasing out of federal capital grants for technical and vocational schools, Ontario claimed that the provinces would lose some seven million dollars annually from the full federal package.¹³⁷ This was despite the large net

¹³⁶ Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

¹³⁷ David Scott, "\$7 Million Ontario Loss Seen in New Aid Offer," The Globe and Mail (Toronto), 25 October 1966, p. 1 (headline). Incidentally, in the same edition of the Globe, George Bain, the normally well informed columnist, lamented Ottawa's dropping out of direct involvement with universities. Bain added that "in English-speaking Canada direct federal involvement is more generally welcomed than feared." George Bain, untitled column in ibid., p. 7. Bain evidently was unaware of Ontario's threats to opt out of a direct federal relationship with the province's universities.

gain in respect to universities alone. Premier Robarts described the talks on taxation at the conference as "an exercise in futility." At the Friday conclusion of the proceedings, he expressed anger and disappointment over the conference results in general.¹³⁸ Robarts' reaction came even after Ottawa offered sufficiently large additional transfers (such as increased TVTA capital "phase out" payments stretching out over several years) that by any calculation Ontario and all provinces would enjoy a net fiscal advantage from the implementation of the complex set of proposals. It is fair to suspect a certain amount of posturing on Robarts' part. However, it is true that the Premier could not have known at the time that the university assistance aspect of the tax transfer scheme--and as a consequence the scheme itself--would prove far more lucrative and popular in Ontario than the provincial representatives anticipated at the October conference.

Although the Ontario government was pleased to be receiving more federal money, there was bitterness over the abruptness both of the TVTA termination and the introduction of complex new schemes. Clearly, there had not been close coordination between federal and provincial officials at any point in the process of devising the federal proposals. We

¹³⁸ David Scott, "Robarts Leaves Disappointed and Angry," The Globe and Mail (Toronto), 29 October 1966, p. 4.

recall that there were meetings between federal and Ontario civil servants in the spring. On these occasions the provincial officials were not informed of the particulars of the proposed new federal university assistance schemes then under consideration. Moreover, no further conversations between federal and Ontario Cabinet members appear in the Department of Finance files. On the other hand, there is some cause to fault the provinces for not harmonizing their own positions in respect to actual or prospective federal policy in advance of the long-scheduled October conference. The Council of Ministers of Education (CME) is an instrumentality designed to attempt such coordination, but it did not come into existence until 1967.¹³⁹ Everything considered, there was poor coordination between the federal position on supporting universities with that of each province, but also from the opposite perspective between the provinces as a whole and the federal government. Ottawa had to deal with each province separately, and in this instance the recommendations offered by Ontario for a new federal policy surely would have been rejected by Quebec. As of autumn 1966, much work remained to be done by both sides in this matter.

¹³⁹ David Stager attacked the provinces for their lack of coordination. David A.A. Stager, "Your Financial Fate in '67--New Guessing Game for University Administrators," Canadian University (Vol. 2, No. 1, January-February 1967), p. 34.

G. Putting Together the Federal-Provincial Fiscal Arrangements Act

Even as the October federal-provincial conference reached its conclusion, much remained to be done to finalize the precise form of the new relationship between federal and provincial governments regarding university finance. There was the recurring problem of how to provide assistance to denominational universities. There was Quebec's insistence that she enjoy the best of both options which had been offered to the provinces at the conference. There were a number of procedural problems to be worked out, including the very definition of "higher education." For several weeks following the October conference, a series of low-keyed and relatively unpublicized federal-provincial meetings harmonized most of these problems and put together the details of the Federal-Provincial Fiscal Arrangements Act.

On no single feature of the relationship between the federal government and Ontario in respect to universities was there more misunderstanding and miscalculation than denominational universities. We know that at least since the National Conference of Canadian Universities requests for federal assistance in the 1940's, the university community had expected federal aid to be offered to all universities on an equal basis. Indeed it was, in both the veterans and per capita grants programmes. However, in Ontario, the refusal of the provincial government to present its much more substantial assistance to denominational schools made it impossible for most such institutions still

operating in Ontario in the postwar period to maintain their sectarian status well into the 1960's. By 1966, only Waterloo Lutheran remained as a denominational university in Ontario, although there were a few other small sectarian post-secondary institutions. Under these circumstances it might not be anticipated that the question of assistance to sectarian schools would prove to be a problem between Ottawa and Toronto as the discussions leading to the implementation of the Fiscal Arrangements Act proceeded. In fact, this matter developed into the most serious difficulty of all.

In the weeks leading up to the October federal-provincial conference, federal officials repeatedly assured each other that Ontario would see to it that her surviving denominational institutions would be provided for under the new unconditional tax transfer scheme. Both the memorandum of 12 October and the memorandum of 18 October claimed that it was very likely that the provinces could be persuaded to offer assistance to denominational universities. On the other hand, neither memorandum implied that the sectarian schools would likely be aided by their provinces to the same extent as those without church affiliation.¹⁴⁰ In an interview, an Ontario government official indicated that Ottawa "should have

¹⁴⁰ Memorandum, 12 October 1966, op. cit., p. 5; Memorandum, 18 October 1966, op. cit., p. 2. The Prime Minister's public statement on this matter, offered in the House of Commons, was only that he "hoped" that the provinces would assist their denominational institutions. House of Commons, Debates, 15 Elizabeth II Volume IX 1966 (Ottawa: Queen's Printer, 1966); p. 9160.

known" that Ontario would decline to assist sectarian schools under the new federal scheme. However, no evidence could be found that this matter was actually discussed between the two governments, at the October conference or subsequently. In the weeks following the conference, there was evidently some dawning realization in Ottawa that Ontario was not about to extend the expected assistance to denominational schools. In correspondence between senior federal officials, the writer reported that the federal government was still unwilling to continue direct grants to denominational schools, on the grounds that such a policy would be awkward and appear to constitute a federal intervention in a provincial jurisdiction. The writer suggested hopefully that if Ottawa adamantly maintained the position that Ontario would have to devise a formula for assisting her denominational schools, then some arrangement would be worked out within that province.¹⁴¹

In February 1967, University Affairs Minister Davis requested to Secretary of State LaMarsh that the federal government continue to make grants directly to denominational institutions.¹⁴² The provincial government, caught in a dilemma,

¹⁴¹Letter, 19 December 1966, Department of Finance files, p. 1.

¹⁴²William G. Davis to Judy LaMarsh, Letter, 14 February 1967, CUA files, Archives of Ontario, p. 1.

had concluded that it was the lesser evil for Ottawa to maintain a direct relationship with a few schools than for the province to break a century-old tradition and recommence assistance to church-affiliated institutions. But LaMarsh would have none of it. In her response to Davis, she quoted Premier Fobarts' statement at the September Tax Structure Committee meeting in which he had requested that Ontario directly support her own universities.¹⁴³ The Secretary of State reminded Davis that the new federal programme would be geared to fifty per cent of all post-secondary education, including denominational universities, and that "the Government of Canada must expect in such circumstances that all of the provinces will take this fact into account in deciding upon the course which they will now follow [regarding their denominational institutions]."¹⁴⁴ Later that month, with no reply from Ontario yet received, one Finance official asked another in a memorandum what the federal government would do should Ontario refuse to assist denominational schools.¹⁴⁵ The latter, implicitly acknowledging that LaMarsh' warning to Davis lacked teeth, replied that Ottawa could do nothing, and that this was a problem strictly between Ontario and her universities.¹⁴⁶

¹⁴³ Judy LaMarsh to William G. Davis, Letter, 28 February 1967, CUA files, Archives of Ontario, p. 1.

¹⁴⁴ Ibid., p. 2.

¹⁴⁵ Memorandum, 22 February 1967, Department of Finance files, p. 1.

¹⁴⁶ Memorandum, 22 February 1967, Department of Finance files, p. 1.

Shortly thereafter, Ontario formulated her own solution: evidently without federal assistance. In May 1967 E.E. Stewart, Deputy Minister of Education, dispatched a memorandum to the Ontario Treasury Board noting that it was "doubtful" that the province's remaining denominational schools could continue to operate without some provincial government assistance. Stewart recommended offering forty or fifty per cent of the grant which these institutions would receive were they nondenominational, with the understanding that this constituted not provincial aid but a refund of the federal transfer for these schools.¹⁴⁷ One month later University Affairs Minister Davis announced that Stewart's recommendation would be the settlement, with denominational institutions receiving one half the grants which they would otherwise take, or, in effect, the full federal contribution.¹⁴⁸ This proved acceptable to the federal government, which had concluded that its involvement in this matter was improper in any case. It also could have been regarded at the time as constituting a significant departure from the long tradition of provincial refusal to assist denominational institutions, despite the construction which the University Affairs Minister chose to place upon it.

¹⁴⁷ E.E. Stewart to (Ontario) Treasury Board, Memorandum Re: Financial Assistance to Denominational Colleges, 8 May 1967, CUA files, Archives of Ontario, p. 1.

¹⁴⁸ Lucien Fidele Michaud, Government Policies of Financial Support of Church-Related Colleges and Universities of Canada (Unpublished Ed. D. Thesis, Columbia University, 1970), p. 165.

By December 1966 an agreement had been reached between Ottawa and Quebec outlining Quebec's terms for participating in the new federal programme. We have seen that federal officials were determined to tailor their proposal to Quebec's terms of both direct payment to the province and full unconditionality of the grants. As it happened, both the fifty per cent and fifteen dollar per capita options proved unacceptable to Premier Johnson. The first alternative, according to the Premier, "implies a right of interfering with the spending process and therefore the administration of post-secondary education institutions."¹⁴⁹ In short, the federal contribution was not to be sufficiently unconditional. The second option was completely unconditional, but unfortunately it did not promise to transfer as much money to Quebec as did the first alternative. It was noted in mid-December that an agreement had been reached with Quebec. In the first year of the programme, Quebec would receive approximately fifty per cent of its post-secondary operating expenditures in the form of a total transfer of eighteen dollars per capita.¹⁵⁰ It is clear that in the federal

¹⁴⁹ Daniel Johnson, "Opening Statement by the Honourable Daniel Johnson, Prime Minister of Quebec," in Privy Council Office, Federal-Provincial Conference Ottawa, October 24-28, 1966, op. cit.; p. 24.

¹⁵⁰ Department of Secretary of State, Memorandum, 15 December 1966, Department of Finance files, p. 1.

setting of late 1966 as perceived by the federal government, Quebec had been given the best of both options. Quebec could, and did, "write her own ticket" on the nature and size of her federal university assistance.

There were a few additional difficulties attending the implementation of the fiscal transfer scheme. One was the definition of "higher education." In March 1967, Secretary of State LaMarsh announced in the House of Commons that "our solution" had been accepted by the provinces. This definition was that the programmes eligible for the federal transfers were those requiring at least the equivalent of junior matriculation.¹⁵¹ However, an Ontario civil servant more convincingly reported in an interview that Ottawa would have preferred to designate senior matriculation instead and thereby avoid contributing one half the cost of Grade 13 in several provinces. Similarly, the provinces insisted that the expense of equipment, furniture, renovations, and repair to existing facilities be included in operating costs. According to the same official, the federal government was no happier about this, but agreed to arbitrarily consider an additional 2.5 per cent of operating

¹⁵¹House of Commons, Debates, 16 Elizabeth II 1967
Volume XIII (Ottawa: Queen's Printer, 1967), p. 13690.

expenses as maintenance costs. Ottawa would supply one half of this amount, so that the full federal transfer would reach 54.25 per cent of operating costs.

Perhaps to its regret, the federal government was discovering that its lack of jurisdiction in education made it nearly impossible to resist provincial suggestions of definitions and attendant details which were to prove highly expensive to the federal treasury over the life of the shared-cost scheme. There was, in fact, no effective federal opposition to any of the proposed revisions or particulars which were offered by the provinces. (Provincial civil servants in interviews attributed this passivity to Ottawa's rueful acknowledgement that such matters are properly provincial.) The universities themselves, the absent but deeply interested third party apparently were not consulted at all by either level of government once the negotiation process was underway at the October conference. The eventual programme for provision of public support for universities may be described in the final analysis as federal government-inspired in its general character and most of its details, and provincial government-fashioned in many of its details, particularly those concerning what would be eligible for the federal fifty per cent transfer. Although the university community (through the AUCC Board of Directors) was consulted by the federal government prior to its proposing the new programme, there appears to have been no discernible university involvement in, or impact upon, either the formulation of the

federal proposal, or the federal-provincial discussions which put together the Fiscal Arrangements Act. We can only conclude that this was fully in accordance with the wishes of both federal and provincial governments.

H. The 1967-1970 Period: Federal Disillusionment, Provincial Satisfaction

It did not take very long for federal government officials to realize that the new scheme would deplete the federal treasury far more than they had originally anticipated. Similarly, it was soon evident in Toronto that the total federal contribution would be related to the expense of higher education, not to the value of the tax points which had been abated. As Ontario was not opposed to a federal assistance scheme which was somewhat conditional, these developments did not cause great dismay in the Ontario government. As we saw in Chapter III, Part Two, Section D, the new programme proved to be very popular there, increasingly so as costs and thus federal transfers escalated rapidly each year. Meanwhile, in Ottawa, sober second thoughts about the whole arrangement surfaced soon after its implementation. Much of the time of the Department of Finance civil servants in this period was taken up with deliberations on how the federal government might reduce its financial commitments under the programme, or even whether or how it might scrap the scheme entirely. In this section six subjects are considered in an endeavour to describe the anomalous situation where a federally-initiated programme proved more popular in

practice within the provincial governments than inside the federal government. These subjects are Ontario's first interpretations of the new shared-cost scheme; the province's actions to improve its ability to conduct negotiations with Ottawa, and inter-provincial activity to facilitate a degree of coordination of the positions of the provinces in federal-provincial dealings; the early federal government reaction to the university assistance formula; Ottawa's consideration of options and initiatives which might lower its financial commitment; the refinement of federal spending power claims offered by Prime Minister Trudeau; and the early Ontario response to these federal government activities.

It is tempting to speculate that Ontario government officials must have felt somewhat sheepish when the new federal programme which they initially had condemned publicly proved to be enormously lucrative to the province. Certainly they were satisfied with the formula and wished to see it continued, despite the somewhat conditional nature of the federal transfer. This conditional character was not too openly acknowledged, but it was conceded by Committee on University Affairs chairman Douglas T. Wright in a speech at Montebello, Quebec, in February 1967. Wright noted that there would be no direct federal role in the new programme, but added that "[w]hile acknowledging that the determination of the government grants to universities for operating purposes is and has been the responsibility of the Provincial Government, it needs to be said that the ease

with which the Provincial Government can find money through direct taxes and tax sharing with Ottawa will necessarily affect, at least indirectly, the rate of increase in the basic grant."¹⁵² Thus, the more money Ontario would get from Ottawa, the more would be offered to the universities in grants. Wright was therefore upholding the opinion expressed in an already cited federal Department of Finance memorandum that this generous new scheme for federal assistance to universities could exercise a positive influence on provincial expenditures on universities.

In 1968, Ontario undertook to bring her economic and particularly her fiscal expertise closer to the level already enjoyed by the federal Department of Finance. Surely the fact that the province was unprepared to react knowledgeably to the federal proposals of October 1966 was a factor in this activity. According to an Ontario civil servant, there were very few professional economists in the Ontario government prior to 1968. In that year, the Ministry of Revenue was founded, and at once Ontario commenced to recruit economists. This official believes that the creation of the new ministry and the marshalling of an impressive group of economists have permitted Ontario to anticipate better the fiscal consequences of federal government proposals. The evaluation of various possible formulae

¹⁵² D.T. Wright, "A Provincial View of the Roles of the Federal Government, of the Provincial Governments, and of Industry," University Affairs (Vol. 8, No. 4, April 1967).

for shared-cost and fiscal transfer schemes has also been facilitated. These new developments might even take away from Ottawa the advantage of making initiatives on some occasions, and improve the confidence of the province's ministers and civil servants when they engage in negotiations with federal officials.¹⁵³ By the 1970's, Ontario's resources in the processes of executive federalism had strengthened considerably over the previous decade in this highly significant aspect of federal-provincial relations.

However expert Ontario civil servants may have recently become in the economic field, there remains the difficulty that there is one, more or less unified, federal government and ten provinces each with priorities of its own. The Council of Ministers of Education (CME) was founded in 1967 to "enable Ministers to consult on matters of common concern, provide a means for the fullest possible co-operation among Provincial governments in areas of mutual interest in education, and co-operate with other educational organizations in such ways as to promote the development of education in Canada."¹⁵⁴ Of course, it is one thing to establish an instrumentality through which interprovincial cooperation or even coordination may be attempted, and quite another thing to achieve such goals in a country with

¹⁵³ Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

¹⁵⁴ Council of Ministers of Education, Memorandum, 1 May 1969, CMA files, Archives of Ontario, p. 1.

a federal setting such as Canada's. In 1970, the CME engaged Stephen G. Peitchinis of the University of Calgary to undertake a study "designed to facilitate a united provincial approach" in their relations with Ottawa in educational matters.¹⁵⁵ When it announced this project, the Council quoted a Manitoba official to the effect that "[i]t seems clear that the provincial position will be less likely to be unanimous than the federal position, and it is almost certain that the federal proposals will be better prepared and articulated, unless the Council of Ministers is able to marshal some resources to develop proposals."¹⁵⁶ The Peitchinis Report was completed in June 1971 and is discussed in Chapter V. As of 1970, the existence of the Council had not facilitated much coordination amongst provincial governments. It did, however, at least provide the institutional framework upon which such coordination could be built in future years.

It took federal officials only a matter of months to appreciate that the new programme would be more expensive than anticipated, but it took a great deal longer for them to formulate a less costly alternative. We know that the federal government interpreted the Fiscal Arrangements Act to be a cost-

¹⁵⁵ Stephen G. Peitchinis, Research Project: Federal Participation in the Financing of Post-Secondary Education in Canada--Magnitude, Nature, Implications, and Alternatives 1970 (mimeographed in CEA files, Archives of Ontario), p. 1.

¹⁵⁶ Ibid., p. 1.

sharing scheme, and that once costs began to skyrocket there was bitterness over Ontario's evident unwillingness to keep expenses under control. Department of Finance officials, in a 1970 memorandum following discussions with Ontario officials, regretted that Ontario would make no effort to reduce costs unless it suited the province to do so for its own purposes.¹⁵⁷ The writers noted that it seemed to be the position of the Ontarians that, as the post-secondary education programme was an unconditional fiscal transfer, the federal government should be prepared to accept without question all claims made by the province under the terms of the Act.¹⁵⁸ It was just this provincial attitude that goaded federal officials into seeking alternatives to their open-ended commitment to post-secondary support.

Meanwhile, there was a succession of public and private federal complaints about the costs of the fiscal transfer, and private commiserations over the impossibility of directing these transfers and provincialized university systems to areas of federal economic and manpower priorities. On this latter point, we have already seen that federal officials in the middle 1960's believed that they could devise no proposal acceptable to the provinces which could have any but the most

¹⁵⁷Memorandum, 3 December 1970, Department of Finance files, p. 3.

¹⁵⁸Ibid., p. 3.

general impact on the national economy. There was, however, an interest in maintaining federal involvement and manoeuvrability in university education so as not to prejudice future federal-provincial negotiations or constitutional discussions.¹⁵⁹ Possibly either of these could promote a greater federal presence in this field. On costs, Prime Minister Pierre Trudeau complained at a 1969 news conference that "increasing expenditures for education are getting way out of hand--we're beseeching the provinces to meet with us to find ways of saving money.... In education we don't have... constitutional jurisdiction so we can't force the provinces to spend less on it. And if they spend more on it it's costing us money and it is in that sense that I say it's uncontrollable by us."¹⁶⁰ Later the Prime Minister conceded that "we budgeted wrong because we didn't foresee how much the provinces would spend."¹⁶¹ In support of Trudeau's point, in the following month an unidentified writer in the Department of Finance claimed that the rate of increase in post-secondary education costs was the most rapid of all shared-cost programmes. The 1972-1973 projection was well over twice what federal expenses

¹⁵⁹ Interdepartmental Committee on Post-Secondary Education, Report, 22 October 1969, Department of Finance files, p. 5; Memorandum, 22 July 1970, Department of Finance files, p. 8.

¹⁶⁰ "Trudeau Looks Back in Sorrow at 1966 Open-Ended Decision," University Affairs (Vol. 10, No. 8, October 1969), p. 1. (unsigned column)

¹⁶¹ Ibid., p. 1.

had been in 1968-1969, only four years earlier, leaving hospital insurance, the second fastest growing shared-cost scheme in terms of cost, far behind.¹⁶²

A senior official of the Department of Finance considered these problems in a memorandum prepared a few weeks prior to the Prime Minister's press conference. He noted that an objective of the new federal policies had been to increase the responsibility of provincial governments for spending and taxing decisions in fields under their own jurisdiction.¹⁶³ Moreover, because of the federal government's public statements of 1966 about provincial responsibility for education and Ottawa's interest in supporting universities, it would be difficult for the federal government to modify significantly its university assistance policies.¹⁶⁴ The writer suggested setting up a federal-provincial task force to explore ways of increasing productivity and efficiency within Canada's universities. He raised the possibilities of twelve-month use of university facilities, prevention of the growth of inefficient universities in small centres, and limiting graduate and professional schools.¹⁶⁵ More realistically, he recommended the intro-

¹⁶² Notes on Major Joint Programmes for Discussion at the Federal-Provincial Continuing Committee on Fiscal and Economic Matters 7-8 September 1969 (1969), p. 2. (unsigned memorandum in Department of Finance files).

¹⁶³ Memorandum, 19 June 1969, Department of Finance files, p. 1.

¹⁶⁴ Ibid., p. 5.

¹⁶⁵ Ibid., p. 6.

duction of an escalation factor, possibly a fixed percentage increase, beyond which federal assistance would not be offered each year.¹⁶⁶ Federal officials may have felt that implementation of such a proposal would deny the provinces the capability of loading costs and thereby improving their bargaining position in future negotiations concerning the arrangements to be made for the post-1972 period. It may have been believed that Ottawa enjoyed a strong bargaining position, because the provinces were concerned about what would happen after the Fiscal Arrangements Act expired in March 1972.

A full year following the above memorandum and the Trudeau press conference, concern about the budget problem attending the fiscal transfer programme led the federal government to support the concept of annual targets for growth in post-secondary costs.¹⁶⁷ Although it was still nearly twenty months to the expiry of the Fiscal Arrangements Act, it was believed that there was insufficient time to present federal proposals for basic changes in the scheme.¹⁶⁸ The federal government sought four short-term policy objectives for the

¹⁶⁶ Ibid., p. 7.

¹⁶⁷ Memorandum, 22 July 1970, op.cit., p. 7.

¹⁶⁸ Ibid., p. 8.

federal government: ensuring continuity in federal assistance to buy time for the development of long-range policies; retaining a direct association between federal aid and provision of educational services, so as not to prejudice long-term federal involvement; providing (unspecified) cost escalation controls to ensure the realization of federal budgetary objectives; and minimizing interprovincial disparities in the amounts of federal assistance.¹⁶⁹ Continuation of the Fiscal Arrangements Act beyond March 1972 with annual ceilings on federal expenditures was recommended.¹⁷⁰ It was clear to the federal government that the reaction of the provinces to all this would have to be closely considered. It was suggested that a federal interdepartmental team be dispatched to each province to meet with officials to find solutions to the cost problem.¹⁷¹ If no solutions could be found, one consequence which Ottawa might have felt obliged to consider would have been a unilateral declaration of policy.

This interdepartmental team did indeed travel to the provinces in autumn, 1970, apparently with some success. In a November letter which may have been sent to all Premiers, Prime Minister Trudeau suggested a two-year extension of the Fiscal Arrangements Act contingent upon reaching satisfactory agreements with the provinces to "eliminate some of the existing

¹⁶⁹ Ibid., p. 8.

¹⁷⁰ Ibid., p. 8.

¹⁷¹ Ibid., p. 8.

administrative difficulties, to provide protection against too rapid increases in [federal expenses], and to provide for some recognition of differing enrolments and other factors across the country."¹⁷² These vague objectives apparently had been agreed upon in principle by the federal team and provincial civil servants.

Early in 1971, Ottawa announced its terms for extending the Fiscal Arrangements Act to 1974. They were that the provinces accept an overall limit on the increase in the federal transfer of fifteen per cent for each of the two years in the extension. The fifteen per cent figure was to apply to the total federal transfer across Canada, not to each province separately. There was an obscure further condition of the federal offer, which was that "solutions will be found to outstanding administrative problems under the present program within the very near future."¹⁷³ Although the provinces had been consulted by the peripatetic federal team in advance of the policy decision, the particulars of the revision, notably the fifteen per cent annual increase, apparently were determined by Ottawa alone and were presented to the provinces as the federal government's terms for continuing the highly lu-

¹⁷² Pierre E. Trudeau to Gerald Regan, Letter, 9 November 1970, CUA files, Archives of Ontario, p. 3. The files do not explain why a letter to the Nova Scotia Premier is in this material.

¹⁷³ Gerard Pelletier to William G. Davis, Letter, 17 February 1971, CUA files, Archives of Ontario, p. 1.

crative shared-cost scheme. The provinces accepted these terms.¹⁷⁴

One measure of the changes in the federal setting which were brought about in the 1960's was supplied by the federal government's Working Papers on the Constitution which preceded the constitutional discussions of the early 1970's. In these Papers Prime Minister Trudeau offered a defence of Ottawa's spending power which constituted a decided retreat from the totally unqualified interpretation previously presented by his Liberal predecessors Mackenzie King and Louis St. Laurent. St. Laurent, we recall, made his assertion of an unconditional spending power as late as 1956. The King and St. Laurent defences were brief: Parliament's spending power was constitutionally limited in no respect. Trudeau, by contrast, devoted nine pages to a highly complex apology for the spending power which was based on practical realities rather than the constitution for its justification. Amongst these realities were the interdependence of the modern state, the interdependence of the policies of different governments and, most dubiously,

¹⁷⁴ Provincial acceptance of these terms may have been facilitated by recollection of Ottawa's abrupt termination of TVTA, which Orlikow partially attributed to "apparently unrestrained" provincial expenditures under the programme. Orlikow, op.cit., p. 180.

a sense of community in a united country.¹⁷⁵ On the matter of conditional grants, which are essentially what defences of the spending power have been designed to justify, Trudeau proposed two conditions which so circumscribed the applicability of such programmes that there was little spending power left to defend. These conditions were a "broad national concensus" (apparently articulated in provincial legislatures in three of the four Senate divisions) before Parliament could offer conditional grants, and an equivalent fiscal provision for those provinces refusing to take part.¹⁷⁶ These gratuitous restrictions implied that future conditional grants would be few and far between. We know that the poorer provinces, particularly in the Atlantic region, have been more favourable to conditional grants in recent years than their wealthier neighbours. But by Trudeau's formula, these provinces would no longer be offered such assistance if Ontario opposed such aid. Quebec's

¹⁷⁵ Trudeau, Federal-Provincial Grants and the Spending Power of Parliament, *op. cit.*, pp. 20-29. Also see Pierre Elliott Trudeau, The Constitution and the People of Canada (Ottawa: Queen's Printer, 1969). Donald M. Smiley and Ronald M. Burns, "Canadian Federalism and the Spending Power: Is Constitutional Restriction Necessary?", Canadian Tax Journal (Vol. XVII, No. 6, November-December 1969), considered Trudeau's spending power concessions excessive and unwise.

¹⁷⁶ Trudeau, Federal-Provincial Grants and the Spending Power of Parliament, *op. cit.*, pp. 36-40, 44-46. In the Atlantic region and in the West, two provincial legislatures in each (excluding Prince Edward Island) would be enough to constitute a regional concensus. Trudeau attacked the Ontario demand for tax points in ibid., p. 30.

refusal for cultural reasons can be expected in virtually all cases, and, as we know, Ontario has become increasingly insistent on tax concessions in place of conditional grants. This back-tracking on the spending power provided further evidence of both the weakening of the federal government in its standing relative to the provinces, and the increasingly powerful position of the two strongest provinces, Ontario and Quebec.

The policy of the province of Ontario in reaction to the federal activities of the late 1960's and 1970 was essentially to do nothing and hope that the ever-growing federal transfers would continue indefinitely--unless, of course, the province could win substantial tax point concessions which would make the fiscal transfers unnecessary. Until this happy eventuality could be attained, Ontario's interest lay in perpetuating the Fiscal Arrangements Act for as long as possible, with as few limitations upon federal assistance as Ottawa could be persuaded to accept. The fifteen per cent annual ceiling on federal fiscal transfer increases did not disturb Ontario civil servants, who in 1971 anticipated no more than ten per cent yearly gains in their claims under the programme in the foreseeable future.¹⁷⁷ (That is to say, they failed to foresee the inflation of mid-decade.) Of course, there was no cause for discontent in Ontario with the drastically attenuated federal spending power announced by Prime Minister Trudeau.

¹⁷⁷ Interview with official of the Department of University Affairs, Ontario. This point is taken up again in Chapter V, Section C.

Perhaps symbolically, 1970 ended with one final and remarkably explicit articulation of what an active federal government role in education might mean--or might have meant--for Canada. In a draft of a memorandum, an unnamed writer deplored the many deficiencies in Canadian education, from Alberta's absence of kindergarten facilities to the difficulty which the provinces experienced in coordinating higher education and even in agreeing on the point at which it should commence.¹⁷⁸ Six further weaknesses were enumerated and lamented. There were recommendations that, inter alia, national objectives in post-secondary education be determined, particularly in accessibility, mobility, and highly qualified manpower; there be a definition of a uniform level of entry to post-secondary education; there be a distinction between objectives in university and non-university institutions; and there be established instrumentalities involving federal and provincial governments, universities, and industry, to promote scientific and technological innovation.¹⁷⁹ The memorandum suggested that federal and provincial governments reach agreement on certain national objectives to achieve these goals. Some provinces would have to modify existing structures, and Ottawa's role could be defined as participating in national

¹⁷⁸ The Scope of Educational Services in Canada, unsigned draft Memorandum, 10 December 1970, Department of Finance files, p. 5.

¹⁷⁹ Ibid., p. 7.

policy decisions to reduce regional differences and to define national objectives.¹⁸⁰ This memorandum appeared to represent the commencement of a broad and vigorous (however belated) federal government initiative in Canadian education, and possibly a rolling back of the trend toward provincial autonomy in the field. It turned out to be nothing of the sort. Virtually all of the provocative suggestions just listed were stricken from the memorandum before the final draft. The federal government left the period under consideration in this thesis more interested in university education than ever. But Ottawa was less able to translate this concern into policy than had been the case in the early postwar years, when limited interest in higher education accompanied great federal power.

I. Summary and Conclusions :

The federal setting of the early postwar period was still sufficiently centralized and peaceful for the federal government to encounter no reservations from the provinces in its efforts to provide direct assistance to Canadian universities accommodating World War II veterans. Only Quebec opposed the institution of a 1951 scheme of direct federal grants to universities on the basis of per capita population, in spite of the programme's open-ended character and the possibility of its setting a precedent. By the 1960's, as university costs escalated dramatically and federal grants increased at a far slower

¹⁸⁰ibid., pp. 7, 10.

pace, the university community entreated Ottawa to augment substantially its direct federal commitment to higher education. The federal response was an agreement to do this for one year only, during which time a new formula would be developed. As this process took place, the Ontario government demanded that Ottawa discontinue its direct relationship with the province's universities, while threatening to join Quebec in opting out of the scheme altogether. This eventuality was deemed intolerable in Ottawa. However, conditional "block grants" for universities paid directly to the provincial governments were still under consideration in the spring of 1966, despite the likelihood of Quebec's continuing to opt out. By autumn, this alternative was no longer entertained. The autonomist character of the new Quebec government, reinforcing and being reinforced by Prime Minister Pearson's "cooperative federalism" and disdain for opting out, persuaded the federal officials to formulate a university assistance scheme acceptable to all ten provinces.

Changes in the federal setting fully independent of the Canadian university community had induced the federal government to alter the nature of its assistance to universities. Ottawa instituted a new policy which manifestly conflicted with both the express interests of the university community and the economic and manpower priorities of at least some federal officials. It is clear that the federal officials' sober assessment of the realities of the newly conflictful federal setting of 1966 decisively overrode the appeals of the univer-

sities and their own preferences in this matter. We may tentatively conclude that in a conflict between the interests of a group such as the university community on one hand and the apparent demands of the federal setting and apprehended danger of federal stress and federal disputes on the other hand, the federal government may be expected to respond to the perceived political exigencies of the situation. Maintenance of peace in the federal setting and the long-term perpetuation of the federal system take precedence over the concerns of any interest group, even when federal officials share the group's concerns to some extent.

There were two alternative proposals open to the federal government in the autumn of 1966. One was a straight fiscal transfer without any direct relation to universities or university costs. The other was a transfer of a stated percentage of university operating expenses. The second of these options was selected, apparently for four reasons above all. First, it was thought desirable within the federal government that Ottawa retain some leverage and manoeuvrability in the university field for possible future activity should the opportunity arise. Second, it was believed that the provinces should be encouraged to assist their universities to expand, so that national needs for highly skilled manpower could be realized. Third, growing provincial demands for large tax abatements had to be neutralized as much as possible. A fourth consideration was that the Canadian people--and probably also Canadian universities--had to be shown that the Government of Canada was

genuinely concerned with higher education in the country and would continue to express a direct interest in the field. Both provinces and universities were consulted as this scheme was being formulated. However, neither appears to have been taken into the federal government's confidence regarding even the general nature of the proposal that seems to have been Ottawa's favourite as early as May of 1966, five months prior to its presentation to the provinces. Under executive federalism, at least in this jurisdiction, the federal government has been reluctant to "tip its hand" to anyone prior to the onset of negotiations. It may be that Ottawa has feared that by so doing she would compromise her leverage for bargaining in federal-provincial negotiations.

When the new shared-cost fiscal transfer programme was publicly introduced, Ontario's official reaction was highly negative. The private response was hostile largely in the respect that the province had not fully anticipated the nature of the scheme, and would have to supply a response before detailed consideration of the complex proposals could be carried out. Apparently to offset provincial hostility, Ottawa "sweetened" the overall proposal significantly. All ten provinces gave their assent, Quebec only after negotiating special arrangements for herself alone. Details and definitions in the programme were worked out when Ottawa accepted virtually everything the provinces desired, presumably on grounds that education is under provincial jurisdiction.

Before long it became clear that the federal fiscal transfer would become much larger than first anticipated. This helped to make the programme, in operation, highly popular in the provinces but unpopular in Ottawa. At decade's end the federal government was occupied once again on this scheme, this time attempting to devise restrictions on federal expenses which would not compromise Ottawa's manoeuvrability in the university field. The initial limitation, a fifteen per cent ceiling on annual cost increases, was acceptable to Ontario. Just as both governments had miscalculated the costs of post-secondary education in the late 1960's, Ontario misapprehended how quickly they would increase in the inflationary 1970's.

We return to the questions presented in the Introduction to this chapter for concluding observations. The overall interests and priorities of the federal and Ontario governments converged far better in the early years of the quarter century than later on. Even in the late 1950's, Ontario's universities were not highly provincialized, and the province was not particularly assertive in that jurisdiction. In this climate no objections were expressed (at least in public) to the direct relationship between Ottawa and Ontario's universities. It is possible that the Ontario government would have tolerated a still more vigorous federal role at the time; but the federal government, not yet concerned with the manpower and other economic implications of universities, was content to confine its activity to offering grants. By 1966, as the result of

changes in the federal setting and the provincialization of Ontario's universities, the Ontario government desired substantial federal assistance for universities, delivered to the provincial government. Because Ontario did not object to Ottawa's wish to maintain a presence in the field and to spur the expansion of universities, an agreement on a new and more lucrative scheme for federal assistance was possible. As the 1970's approached, however, Ottawa's budgetary priorities were under great stress from the unmanageable size of the fiscal transfers, while Ontario was more prepared to supply generous assistance to her universities. Because under the shared-cost scheme federal and provincial costs respecting the operation of higher education facilities were positively related but controllable only by the provincial governments, priorities were coming into conflict.

The future would determine how the federal government would respond to this potential for a serious federal dispute. It could, as it did in 1966, comply to some degree with provincial demands and thereby avert confrontations which would surely exacerbate federal stress. By so doing Ottawa would fail to exercise any control over an increasingly significant share of federal expenditures. The alternative was to insist upon bringing these costs under some federal influence, but at a possible price of heightened federal stress and renewed federal disputes. When priorities of the two levels of government clash in situations of this nature, both sides might be expected to weigh their own interests against the danger which

serious federal disputes might pose to the federal system itself. However, if we recall (from Chapter II) the provincialized loyalties and electoral interests of provincial governments under executive federalism, we must concede that the provinces cannot be expected to maintain a national perspective. The 1966 federal dispute was accommodated by means of a federally-inspired programme which was tailored to the interests of Quebec and Ontario. By 1970 it had become necessary for Ottawa to reassess the scheme in such a way that a renewal of federal stress in this jurisdiction could be avoided.

CHAPTER V

THE FISCAL ARRANGEMENTS ACT IN THE 1970'S

It now appears that some, if not most, of our expectations concerning education have been excessive: it is now recognized that post-secondary education is not a panacea for our social and economic ills.¹

A. Introduction

Most of the life and all of the revisions of the Federal-Provincial Fiscal Arrangements Act have taken place in the 1970's. This programme, formulated in 1966, was in existence less than three years when the decade of the 1960's ended; it remains in force through March 1977. Consequently, if we are to acquire perspective on the significance of this piece of legislation, particularly the impact which it has exercised upon relations between governments and universities and between federal and provincial governments, we must direct some attention to the experiences of the 1970's. We recall that federal and provincial priorities were beginning to clash, and the threat of new federal disputes in this jurisdiction was reappearing, just as the new decade commenced. It is important to determine how and how well the federal and provincial govern-

¹Commission of Post-Secondary Education in Ontario, Draft Report (Toronto: Queen's Printer, 1972), p. 3.

ments have accommodated these disagreements and have perpetuated the federal system under executive federalism. As virtually all federal-provincial and university-government relations in this decade have addressed the replacement, continuation, or modification of the Fiscal Arrangements Act, our attention in this chapter is nearly monopolized by this legislation. Extraneous matters are afforded less consideration in this chapter than they have received previously.

The questions to be addressed in this chapter involve the legacy of the 1966 federal-provincial agreement for subsequent relations between the two levels of government (and the role of the universities themselves in these relations). The long-range alterations in the relative powers of both governments which may have been effected are given special attention. Some questions which we shall consider in later chapters should also be kept in mind. These involve the consequences over ten years of the processes of executive federalism in the middle 1960's, and what these findings reveal about how and how well executive federalism works.

There are four sections to this chapter. These introductory paragraphs make up the first section. The second section considers relations between universities and both federal and Ontario governments into the middle 1970's, thereby continuing the discussion of Chapter III. The third section takes up relations between Ontario and the federal government in the same period, carrying forth the treatment of Chapter IV. The

final section of this chapter offers a summary of its findings, and conclusions representing answers to the questions implied in the opening sentence of the preceding paragraph.

B. University-Government Relations in the 1970's

In this section on university-government relations, three topics are considered. They demonstrate that although Ontario's universities were provincialized by 1970, the university community did not abandon hope that the federal government might be persuaded to reassert itself in university education. The first subject is the perspective of the universities in the period, and their activities in furtherance of their interests respecting the Fiscal Arrangements Act and government higher education policy. The second topic of this section is the Ontario government's point of view and policies in this decade. Finally, the federal government's perspective, and response to appeals from the university community, is considered.

For the most part, the university community, through the Association of Universities and Colleges of Canada and the Canadian Association of University Teachers, continued to press for a renewal of direct federal government involvement with Canada's universities. The very minimum result acceptable to AUCC and CAUT was retention of the Fiscal Arrangements Act beyond 1972 and (after its two-year extension) 1974. (In the 1970's these organizations appear to have superseded individual

universities as spokesmen for university interests.) This legislation was perceived as permitting both a very generous level of public support for universities and at least some federal presence in the field. C.B. Macpherson of the University of Toronto, the apparent chief author of most CAUT submissions in recent years, shuddered over the possibility (recommended by the Hurtubise-Rowat Commission) that the federal government withdraw from the limited involvement which it retained in the university jurisdiction under the Fiscal Arrangements Act. Macpherson feared that "any further federal withdrawal would diminish what independence the universities still have."² Macpherson went on to note that the universities had no reason to fear that Ottawa would try to coordinate and integrate Canada's universities into a single controlled system. But the provinces, given the chance, would likely do just that "because they are under electoral pressures which the federal government is not under to treat universities as part of a production-oriented and acculturation system."³

This concern with alleged provincial indifference to universities, aside from the institutions' economic and so-

²C.B. Macpherson, "Review of The Report of the Commission on the Relations between Universities and Governments," CAUT Bulletin (Vol. 19, No. 2, Winter 1971), p. 102.

³Ibid., p. 102.

cializing functions, permeated the submissions of AUCC and CAUT in the 1970's. At all costs, the briefs insisted, the provinces must not monopolize public support for universities. A 1974 AUCC brief to the Secretary of State noted that past experience indicated that "continued support from all levels of government will best insure the freedom and competence of the community of learners to serve the needs of Canada at the international, national, and provincial levels."⁴ Later the brief asserted that "universities must be free to deal directly with all those whom they serve ... to maintain the flexibility and diversity expected of them."⁵ The 1973 AUCC submission to the Prime Minister was similar in tone.⁶ The Association's 1976 brief indirectly acknowledged Ottawa's problems in asserting a federal role in university education. This document accused the Fiscal Arrangements Act of bringing about "provincialization of universities to such a degree that there is little assurance that national objectives will receive attention commensurate with their importance for balanced university development."⁷ It

⁴"National Involvement Requires Federal Presence," University Affairs (Vol. 15, No. 4, April 1974), p. 2 (unsigned article).

⁵Ibid., p. 2.

⁶Association of Universities and Colleges of Canada, Brief to the Prime Minister of Canada from the Committee of Executive Heads of AUCC (Ottawa: The Association, 2 April 1973) (mimeographed in AUCC library, Ottawa).

⁷Lynda Woodcock and Gloria Pierre, "AUCC Calls for a National Policy for Universities," University Affairs (Vol. 17, No. 2, February 1976), p. 2. This brief was entitled A Canadian Policy for Universities and Their Financing.

then requested that the legislation be renewed for yet another two years to 1979.⁸ This document's most provocative recommendation was that the federal government and provinces bring the university community into three party consultation prior to actual negotiation sessions of the eleven governments.⁹

The briefs prepared by CAUT in the 1970's have been particularly explicit on the wishes of the university community to maintain federal activity which places at least some limitations upon provincial government control in the field. Surely at a time when university enrolment was levelling off, expansion was concluding, and the job market for academics was consequently tightening, the teachers' association looked to the federal government for support to help finance the new round of expansion which the university community desired and expected.¹⁰ Both of the highly similar 1971 and 1975 CAUT briefs made the argument that a great danger in full provincial domination of universities is that provincial government officials are tempted to consider universities as simply an integral part of a cohesive educational

⁸Ibid., p. 2.

⁹Ibid., p. 2.

¹⁰The 1973 AUCC brief asserted that "substantial long run increases in university enrolment are a certainty, underwritten by the entire confluence of the forces at work in our society." AUCC, Brief to the Prime Minister of Canada from the Committee of Executive Heads of AUCC, op.cit., p. 8.

system extending from primary school to graduate studies.¹¹ Because the "increase of knowledge, through the discovery of new knowledge and the education of future producers of new knowledge, sharply differentiates the universities' function from that of other educational institutions," no government should treat university education in the same manner as lower (and implicitly lesser) educational levels.¹² The university community had little reason to fear that the federal government, which exercises virtually no influence over primary and secondary education in Canada, would (or could) carry out such a policy.

A second argument for a federal role in these CAUT submissions was that provincialization of higher education exacerbates "inherently divisive and unhealthy" inequities in education in different parts of the country.¹³ This is caused when wealthy provinces (such as Ontario, which the briefs singled out) spend generous sums on their own universities

¹¹Canadian Association of University Teachers, Federal Support of Universities and Colleges (Ottawa: The Association, February 1971), p. 2 (mimeographed); Canadian Association of University Teachers, "Federal Support of Universities and Colleges," CAUT Bulletin (Vol. 23, No. 4, February 1975), p. 17. An official of the Ontario government ruefully conceded in an interview that the university community associates the federal government with support for quality in higher education, while the province is considered more as a force for interference with university autonomy.

¹²CAUT, Federal Support of Universities and Colleges, op.cit., p. 2; CAUT, "Federal Support of Universities and Colleges," op.cit., p. 17.

¹³CAUT, Federal Support of Universities and Colleges, op.cit., pp. 5-6; CAUT, "Federal Support of Universities and Colleges," op.cit., p. 18.

in pursuit of educational objectives catering to their own narrow, selfish priorities. By contrast, poorer provinces are incapable of providing comparable facilities. Consequently, they may fall farther behind their neighbours than ever, in respect to educational levels, research levels, and professional expertise.¹⁴

The third point running through the CAUT submissions was that both the Fiscal Arrangements Act and the introduction of formula finance in some provinces facilitated provincialization of higher education. The 1967 changes in the relationship between Ottawa and the provinces replaced the federal per capita grants scheme where there had been "less than total [provincial government] control" over universities with an arrangement under which the expenditure of both federal and provincial funds has been under exclusive provincial control.¹⁵ Moreover, "the institution of formula financing ... has clearly become a

¹⁴CAUT, Federal Support of Universities and Colleges, op.cit., pp. 5-6; CAUT "Federal Support of Universities and Colleges," op.cit., p. 18.

¹⁵CAUT, Federal Support of Universities and Colleges, op.cit., p. 5; CAUT, "Federal Support of Universities and Colleges," op.cit., p. 19. This latter brief explained provincial control over expenditures under the Fiscal Arrangements Act thus: "... it is the provinces that determine the amount of both their contribution and of the federal contribution, since the federal contribution to the provinces is on a matching basis. If a province reduces its net expenditure by one dollar, the universities get two dollars less." CAUT, "Federal Support of Universities and Colleges," op.cit., p. 19.

weapon with which provincial governments may control university programmes."¹⁶ This frequent employment of the word "control" in connection with post-1967 policies of provincial governments is a clear indication that the university community in the 1970's looked to Ottawa with perhaps more urgency than before to act as a counterforce to the provinces in respect to government-university policies.

Although it is undeniable that the university lobby was anxious to see the federal government reassert itself in this jurisdiction, it is not clear what could have been done in the federal setting of the time and in the aftermath of the developments traced toward the conclusion of Chapter IV. The AUCC submissions in the 1970's may have reflected a sensing of this. They have been vague, and have generally confined themselves to arguments for a "federal presence" in university education, without presenting specifics as to what form or forms such a presence might take.¹⁷ The AUCC seemed to be writing from the perspective that Ottawa was considering backing out of the unexpectedly costly Fiscal Arrangements Act, and thereby abandoning Canada's universities to the not-so-tender mercies of

¹⁶CAUT, Federal Support of Universities and Colleges, op.cit., p. 6; CAUT, "Federal Support of Universities and Colleges," op.cit., p. 18.

¹⁷"National Involvement Requires Federal Presence," op.cit., p. 2.

the provinces. Accordingly, the preoccupation of the AUCC appears to have been more with convincing the federal government to maintain its tenuous presence in the field than with encouraging a more active federal involvement. By contrast, CAUT erroneously continued to believe only Quebec unwilling to accept a direct relationship between the federal government and universities. As late as 1975 the teachers' group recommended a return to the pre-1967 arrangements of direct grants to all universities outside Quebec on some weighted formula. An alternative suggested by CAUT was, in effect, federal conditional grants to the provinces for the latter to distribute amongst the universities in accordance with a federal formula.¹⁸

Possibly to make its recommendations look attractive to federal officials, CAUT added the gratuitous observation that Ottawa would be justified in recovering the income tax points abated to the provinces under the Fiscal Arrangements Act if direct grants to the universities were resumed.¹⁹ As we saw in Chapter IV, the first of these two suggestions was no longer acceptable to Ontario in 1966, and presumably thereafter. The acceptability of the second proposal to the province in the 1970's is discussed below in Sections C and D.

¹⁸CAUT, "Federal Support of Universities and Colleges," op.cit., p. 19.

¹⁹Ibid., p. 19.

The government of Ontario expressed no particular discomfort about the appeals directed by the university community toward the federal government, possibly because Ottawa was offering no encouraging responses to CAUT or AUCC. During this period Ontario and at least some other provinces were concerned with achieving amongst themselves some coordination of their activities in higher education. The Peitchinis Report, commissioned by the Council of Ministers of Education, was released in 1971 with its recommendations for interprovincial cooperation. The Report supplied the provinces with ammunition for attack upon federal involvement in university education, both on constitutional and economic grounds. The economic arguments centred upon the disproportionate nature of the federal assistance provided under the Fiscal Arrangements Act. Peitchinis noted that the programme "rewards demonstrated generosity and penalizes demonstrated parsimony,"²⁰ which, as we know, was precisely how federal officials intended it to operate. Peitchinis provided an example. The federal transfer to Alberta in 1969-1970 proved to be nearly twice per capita what it was to British Columbia, essentially because of differences in provincial policies toward universities.²¹ Peitchinis suggested that Ottawa cease to make unilateral decisions in the university field and instead "take

²⁰ Stephen G. Peitchinis, Financing Post-Secondary Education in Canada (Ottawa: Council of Ministers of Education, July 1971), p. 226.

²¹ Ibid., pp. 220, 226.

all matters related to education which have implications for the educational system" to a permanent federal-provincial committee on post-secondary education.²² He also recommended shifting the burden of the cost of post-secondary education onto the students, with an augmented assistance scheme for students unable to finance their own education.²³

The Council of Ministers, which had originated the Peitchinis Report, did little with it. Indeed, one matter which Peitchinis chose not to discuss at all was the near impossibility of coordination of ten sets of provincial policies by the CME in any situation. Hanns Bertram Wernecke, in what is surely the most detailed study of inter-provincial cooperation in education to date, held out little hope for coordination in 1971. Wernecke detected "simply not enough interest in close provincial coordination affecting the provinces internally."²⁴ He offered speculations about why this may have been so: the historically independent roles of provincial education departments; the geographic separation of the provinces;

²²Ibid., p.415. For a highly negative appraisal of the Peitchinis Report, see C.B. Macpherson, "Post-Secondary Fetishism," CAUT Bulletin (Vol. 21, No. 1, Autumn 1972), pp. 22-25.

²³Peitchinis, op.cit., pp. 437-438.

²⁴Hanns Bertram Wernecke, Interprovincial Cooperation in Education in West Germany and Canada, 1945-1969: The West German Conference of Ministers of Education and the Canadian Council of Ministers of Education (Unpublished Ph.D. thesis, University of Pennsylvania, 1971), p. 373.

an absence of strong public opinion forcing coordination; and the smaller provinces' possible fear of domination by Ontario and Quebec, inducing the smaller provinces to refrain from becoming too closely involved in the CME or other interprovincial activity.²⁵ Whatever the causes may be, genuine interprovincial coordination of higher education policies, or even (to a lesser extent) coordination of their position in respect to ongoing or potential federal programmes, has yet to materialize.

The contrary case for the Council of Ministers of Education was presented in 1974 by Francois Cloutier, then Quebec's Minister of Education. Cloutier noted that the CME had an eighteen member permanent secretariat in Toronto, administered some four million dollars in federally-funded programmes annually, and provided delegates to international education conferences.²⁶ Perhaps more important in the long run was the agreement by the federal government in principle that it would not deal directly with universities without first consulting the Council.²⁷ Of course, it is most often the university community which approaches the federal government rather than the other way round, and federal files (already

²⁵ Ibid., pp. 373, 430.

²⁶ "Council Fulfilling Role of National Organism-Cloutier," University Affairs (Vol. 15, No. 8, October 1974), p. 2 (unsigned article).

²⁷ Ibid., p. 2.

discussed) suggest that Ottawa has had no intention of reasserting a direct relationship with the universities anyway. Whatever the CME may have actually accomplished, Cloutier indirectly admitted that interprovincial coordination of education policy is not likely to be carried very far. In expressing opposition to a national education office, Cloutier asked rhetorically whether "[we are] not ... seeking to protect the prerogatives of each province to determine its educational priorities and allowing it, through [the CME] to enter into cooperative agreements with the others once common needs are identified."²⁸ As long as this is the prevailing point of view within the Council, or even within one important provincial government, it is not likely that much coordination of educational policies will be attained within the CME.

Possibly the most significant development affecting Ontario universities in the early 1970's was the publication of the report of the provincial Commission on Post-Secondary Education in Ontario, or Wright Commission (headed by the former Committee on University Affairs chairman). In its 1972 report, the Wright Commission attempted to strike a balance between the by-then-obsolete principle of full university autonomy and what some observers in the university community feared was an emerging system of domination of the universities by the pro-

²⁸ Ibid., p. 3.

vincial government. However, running through the report was the unspoken assumption that all government expenditures on higher education were under the control of the government of Ontario. As we have seen, this is one of the criticisms which have been directed at the Fiscal Arrangements Act from within the university community. Wright's purpose was to suggest how the province best utilize this power over expenditures which he took for granted. The Commission recommended a single coordinating and planning body for the province's universities (because "it is in the public interest to co-ordinate and plan university education on a province-wide basis").²⁹ Because six of the thirteen members of this "Co-ordinating Board for Universities" would be selected by the university community, Jack Daley (assistant editor of Canadian University and College) believed that the proposal would "transfer power now in government to persons more directly concerned with the directions and goals of [the university community]."³⁰ Realistically, Daley acknowledged that the Commission may have represented not the death but the funeral of university autonomy, and that since autonomy was lost in any case the university community should have as great a share of the political power as possible.³¹ In addition,

²⁹ Commission on Post-Secondary Education in Ontario, op.cit., p. 35.

³⁰ Jack Daley, "Battle of the Briefs: Feedback to the Wright Commission," Canadian University and College (Vol. 7, No. 1, January-February 1972), p. 36.

³¹ Ibid., p. 34.

the Wright Commission's recognition that universities are no longer automatically considered social and economic advantages, cited at the beginning of this chapter, added at least an implication that the provincial government might not continue to increase its support of universities at such a generous rate as in the past.

The provincial government did not fully accept the Wright Commission suggestions. Indeed, as we know, governments at both federal and provincial levels have consistently resisted appeals for coordination of policy in education and other jurisdictions for many years. The province did reconstitute the university policy advisory function for a fourth time in September, 1974. We recall that the advisory role had been performed in turn by a single advisor (1952-1958), a five-member University Committee (1958-1961), an expanded Advisory Committee on University Affairs (1961-1964), and a still larger Committee on University Affairs (1964-1974). The new Ontario Council on University Affairs (OCUA) represented what University Affairs Minister James Auld asserted was a "buffer arrangement [which] will continue to protect the autonomy of the universities in planning their programmes and development while maintaining ministerial accountability to the legislature and the people of Ontario."³² The new thirteen-member body, headed by J. Stefan

³²"Ontario Creates New Council," University Affairs (Vol. 15, No. 6, July 1974), p. 16 (unsigned article).

Dupre of the University of Toronto, was to make recommendations to the Minister of University Affairs on the eligibility of programmes for funding, the total funding requirements of Ontario universities, and the allocation of funds.³³

Although the new OCUA would feature a greater academic representation than its predecessors (six members), its purely advisory character cast doubt upon its capacity to influence provincial policies in university education. These reservations proved to be well taken in late 1974, when the provincial government announced an increase in the Basic Income Unit of the formula finance scheme for 1975-1976 of 7.4 per cent. (later changed to 7.8 per cent), some three percentage points below the OCUA recommendation.³⁴ (The universities, through the new Council of Ontario Universities, had requested a 16.8 per cent increase in the BIU.³⁵) What is worse, the OCUA charged that it had not been consulted by the provincial government on its spending target or on the setting of its objectives. Instead, consultation had been limited to the mechanics of the grants' distribution once the provincial grants policy and budget already had been announced definitively.³⁶ The universities themselves

³³Ibid., p. 16.

³⁴Nancy Sullivan, "Ontario Universities Angry at Support Level for 75-76," University Affairs (Vol. 16, No. 1, January 1975), p. 3.

³⁵Ibid., p. 3.

³⁶Lynda Woodcock, "Advisory Body Critical of Government Policy," University Affairs (Vol. 16, No. 5, May 1975), p. 2.

complained that the 1975-1976 grants represented the fourth consecutive increase which fell substantially behind inflationary costs. Two university presidents suggested that there were but three options open to them: carrying large budget deficits, limiting salaries to morale-damaging levels, and reducing staff.³⁷ Everything considered, notwithstanding the university community's sizeable representation on the new advisory committee, university-Ontario relations in the 1970's continued much the same as in the first years of formula finance.

The federal government's relationship with universities in the 1970's has been at least as one-sided as in the past, with most of the activity taken up by submissions directed to Ottawa from the university community. What activity Ottawa has pursued in the 1970's has tended to suggest a drawing away from federal support other than research assistance to universities. For example, towards the middle of the decade Finance Minister John Turner and Secretary of State Hugh Faulkner both implied that the federal government did indeed acknowledge a commitment to the universities, but both seemed unwilling to specify activities other than research as appropriate for federal assistance. Turner, speaking in the House of Commons late in 1973, claimed that "we are committed, within the limits of our constitutional responsibility and jurisdiction, to co-operating with the provinces on the advancement of postsecondary

³⁷ Ibid., p. 2.

education in Canada. This is for a number of reasons, such as maintaining national standards and promoting research as a leading edge in education."³⁸ Faulkner, speaking before an academic gathering a few months later, was more explicit: "No less important than the cultural responsibility which the federal government must bear, is its responsibility for the intellectual development of the nation. In practical terms, this responsibility is translated into the provision of sufficient research funds to ensure the advancement of knowledge and the development of Canadian technology."³⁹

Canada's universities have desired far more from the federal government than research assistance, but by 1975 they had become apprehensive that even this support was beginning to dry up. The rate of growth of research and development funding to universities, which had increased by nearly thirty per cent annually in the late 1960's, was virtually static in the first half of the 1970's.⁴⁰ It was charged in the university community in the middle 1970's that federal research funds were being channelled increasingly into industry and the research divisions of federal departments, with the result that "Canadian science [in universities] is falling behind international

³⁸Audrey Gill, "The Federal Scene," University Affairs, (Vol. 15, No. 2, February 1974), p. 13.

³⁹"A Federal View of the Federal Pole," University Affairs (Vol. 15, No. 5, May 1974), p. 5 (unsigned article).

⁴⁰Lynda Woodcock, "University Research Receives Another Blow," University Affairs (Vol. 16, No. 7, September 1975), p. 2.

standards and is in fact moving toward the mediocre."⁴¹ Thus, by mid-decade, even the one area of support still openly acknowledged by the federal government had become (in the view of much of the university community) less than generously financed by Ottawa. By the same token, the university community was growing more fearful than ever that the Government of Canada was losing all interest in supporting higher education.

C. Federal-Ontario Relations in University Education in the 1970's

Apart from the relations discussed toward the close of Chapter IV, Ontario and the federal government appear to have conducted two formal sets of negotiations in the 1970's regarding the replacement of the Fiscal Arrangements Act. These meetings took place in May 1973 and summer 1976, and neither occasion proved to be particularly fruitful or conclusive.

In this section three subjects are taken up. The first is a brief observation of the frame of mind within the Ontario and federal governments as they approached the discussions of the 1970's. The second subject is the 1973 conference and the events surrounding it. The third topic is a necessarily incomplete consideration of the 1976 federal-provincial meetings.

As the decade of the 1970's began, the Department of Secretary of State looked ahead to the coming decade's educational

⁴¹Ibid., pp. 2-3.

requirements and the federal government's role in meeting them. The Department observed that revolutionary developments in communications and mass media, and new claims of social equality and national aspirations, were occurring at a time when educational systems remained traditional and static. It believed that these facilities were slow to adjust to technological change.⁴² It also felt that regional disparities within Canada had become dangerous.⁴³ The writer recommended coordination of higher education across Canada and a clearer determination of federal aims and objectives. He suggested consultation with the provinces to help achieve these goals.⁴⁴ Thus, at the commencement of the new decade, views were being advanced which if implemented would have increased Ottawa's involvement in higher education in Canada.

Meanwhile, by 1972 the Ontario government had become less supportive of the Fiscal Arrangements Act and shared-cost programmes generally. By that year thirty-nine per cent of the provincial budget was locked into the medicare, hospital insurance, and postsecondary education shared-cost schemes. According to a provincial government publication of that year, these programmes

⁴²Memorandum, 22 November 1970, Department of Finance files, p. 1.

⁴³Ibid., p. 2.

⁴⁴Ibid., p. 4.

had become undesirable, essentially for two reasons. First, the large segment of the provincial budget committed to shared-cost schemes tended to interfere with the provincial setting of priorities, budgetary planning, and efficiency of programme delivery.⁴⁵ Furthermore, each shared-cost programme "takes an autonomous life of its own." It develops its own "clientele" inside and outside government, which tends to have a "vested interest in the maintenance and growth of a particular programme."⁴⁶ Two consequences of these conditions have been a shielding of such programmes from assessment in a broader budgetary context, and a pre-empting of large portions of provincial budgetary funds from annual review and adjustment.⁴⁷ Although the Fiscal Arrangements Act was not specifically mentioned in this context, it is unmistakable that the "clientele" in this instance included Ontario's university community. The publication closed with the standard request for "greater tax room to preserve provincial fiscal integrity and constitutional autonomy."⁴⁸

It was in this setting that federal and provincial finance ministers met in May 1973 to discuss the disposition of the Fiscal Arrangements Act beyond its new expiry date of

⁴⁵Ministry of Treasury, Economics, and Intergovernmental Affairs, Federal-Provincial Shared-Cost Programs in Ontario, Staff Paper, Ontario Tax Studies 8 (Toronto: Queen's Printer, 1972), pp. 10-13.

⁴⁶Ibid., p. 10.

⁴⁷Ibid., p. 10.

⁴⁸Ibid., p. 14.

March 1974. The federal Minister of Finance John Turner presented a proposal which was not enthusiastically received by the provinces. This new scheme seems to have originated in the Department of Finance three years earlier. The Department (as we recall from Chapter IV, Section H) was concerned with how the federal government might reduce its uncontrollable and unexpectedly costly commitments under the Fiscal Arrangements Act. It was suggested that federal contributions for higher education be based upon the population in each province between eighteen and twenty-four years of age. In addition, tying the annual escalator in the grants to an indicator not directly related to education was favoured.⁴⁹ It appears to have been the case that federal officials recognized that Ontario and some other provinces would be penalized by the new programme (with reduced fiscal transfers). They believed that this programme would result in a more acceptable distribution of federal funds amongst the provinces. The overall objective of this new scheme was to force the provinces to strive for efficiency in university education, as they would have to bear any increases in costs beyond those in the indicator.⁵⁰

At the 1973 meeting, this proposal, with an annual ceiling on increases of seven per cent, was presented by Turner to the

⁴⁹Memorandum, 24 June 1970, Department of Finance files, pp. 6-7.

⁵⁰Ibid., p. 7.

provinces. There was no evidence of Secretary of State Department's 1970 considerations in this proposition. It is easy enough to understand the four objections offered by the provinces: the annual increases in federal contributions would not be sufficient to keep pace with costs, the transfers would not be based on actual student population, the scheme would not help to increase the participation rate in universities (which was then levelling off), and provinces trying to catch up to the educational facilities of others would suffer.⁵¹ Of course, at least the first two of these contentions were amongst Ottawa's objectives as it devised the scheme. Officials of the Ontario government privately have expressed contempt for this proposal, recognizing that their own province would have been a decided net loser had it been implemented.⁵² The provincial finance ministers made a counter-offer to the federal officials at the meeting. It essentially comprised an abatement of twenty-eight additional personal income tax points to the provinces, equalized to the income level of the province with the highest per capita income. This would terminate federal participation in the three shared-cost fields, including universities. Eleven of the income tax points presumably would provide sufficient funds for the pro-

⁵¹Audrey Gill, "The Federal Scene," University Affairs (Vol. 14, No. 6, July, 1973), p. 4.

⁵²Interviews with Ontario civil servants.

vincial government to take over full financing of postsecondary education.⁵³ Predictably, each side rejected the recommendation of the other. Because no agreement could be reached on a replacement, the Fiscal Arrangements Act was extended for a second time, this time for three years, to March 1977.

Once again, in June and July 1976, nearly a decade after the conference at which the shared-cost scheme was first proposed, federal and provincial officials met to reach agreement on a successor to the Fiscal Arrangements Act. At the June First Ministers conference, Prime Minister Trudeau and Secretary of State Faulkner suggested that Ottawa and the provinces jointly establish a "continuing federal-provincial forum at the ministerial level" to provide "the vehicle for realizing the common objectives of the federal and provincial governments in post-secondary education."⁵⁴ (Apparently there would be no direct university involvement in this body.) Trudeau cited six areas worthy of federal activity in higher education: bilingualism, research, access to universities by people of all economic strata, native studies and students, foreign students, and the problems of the "Canadian reality" and national identity.⁵⁵

⁵³Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario. The other seventeen tax points would replace shared-cost agreements in medicare and hospital insurance.

⁵⁴Nancy Sullivan and Lynda Woodcock, "Federal Government Proposes New Financing Options," University Affairs (Vol. 17, No. 7, September 1976), p. 2.

⁵⁵William Johnson, "Ottawa Wants to Join Provincial Educational Discussions," The Globe and Mail (Toronto), 22 June 1976, p. 47.

lest this proposal be misinterpreted as a major federal offensive in the university field, it should be stressed that it was simply a suggestion which the provinces could ignore if they wished.

The initial provincial reaction to the federal-provincial forum was noncommittal but definitely cool. It did remain possible, however, that the federal suggestion might be acceptable to the provinces in a significantly modified form. The Council of Ministers of Education might choose to invite the Secretary of State to attend CME meetings in some capacity acceptable to both, with no guarantee of federal government influence over university education in any of Trudeau's six areas.⁵⁶

At the June conference, the Prime Minister outlined Ottawa's reasons for terminating the Fiscal Arrangements Act once and for all. Basically there were five problems, according to Trudeau: the agreement was open-ended, and totally uncontrollable by Ottawa; this had caused the federal government to impose a fifteen per cent annual limit on the rate of increase, which "led to uncertainty on the part of the provinces about the extent of continued federal participation or partnership in the programs in question"; disparities had arisen amongst the provinces in federal per capita contributions because some provinces could benefit more than others from the available

⁵⁶Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

funds; some provinces (including Ontario, as we have seen) claimed that shared-cost schemes distort provincial priorities; and there had been some auditing and administrative difficulties under the programme.⁵⁷

The new federal proposals for assisting post-secondary education hospital insurance, and medicare were announced at the July Finance Ministers' meeting. Essentially they comprised three options, which variously increased the personal income tax abatement to some seven to eight points; transferred all, part, or none of federal excise duties and taxes on alcohol and tobacco to the provinces; and provided grants to all provinces, based on population, increasing each year in line with the growth of the Gross National Product rather than university costs.⁵⁸ Finance Minister Donald Macdonald, echoing Mitchell Sharp a decade before, rejected the suggestion by some provinces that Ottawa's contribution consist exclusively of tax points. He claimed that such a policy "would have given up an effective means for discharging [the federal government's] responsibilities and pursuing its national goals."⁵⁹

⁵⁷Sullivan and Woodcock, op.cit., p. 2. According to an official of the Ontario Ministry of Treasury, Economics, and Intergovernmental Affairs, the auditing and administrative difficulties were greatest in the early years of the Fiscal Arrangements Act and were largely settled by the middle 1970's.

⁵⁸Sullivan and Woodcock, op.cit., p. 3. The personal income tax abatement under the Fiscal Arrangements Act changed from four points to 4.357 points when a new formula for income tax occupancy went into effect in 1972.

⁵⁹Sullivan and Woodcock, op.cit., p. 3.

However much of a surprise the 1966 federal proposals may have been to the provinces, the 1976 set of options had been made available to the provinces in general form a few weeks in advance of the July meeting.⁶⁰ The provinces were permitted to consider the federal proposals after the conference, until the final meeting in December. Moreover, these were only suggestions which the provinces could reject completely if they wished.⁶¹ This clearly represents a contrast to the situation of October 1966, when federal proposals could only be modified by the provinces and agreement had to be reached in a few days. Early in 1976, however, Ontario officials were unaware of the nature of the upcoming federal suggestions. They speculated at that time that Ottawa's only proposed change would be a lowering of the annual ceiling in cost increases from fifteen to perhaps ten per cent.⁶² They admitted that, had this been recommended, the provinces could not have prevented the federal government from carrying it out.⁶³ The provincial civil servants did insist

⁶⁰This writer was shown an Ontario government fiscal analysis of the federal proposals some two weeks prior to the July conference. Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

⁶¹Sullivan and Woodcock, op.cit., p. 3.

⁶²Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

⁶³Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

that under no circumstances would Ontario surrender the tax points which the Fiscal Arrangements Act had abated.⁶⁴ Although at the July conference Ontario and other "have" provinces plus Quebec and Manitoba suggested that Ottawa abate a further twenty personal income tax points to the provinces and terminate the three shared-cost programmes,⁶⁵ more realistically the Ontario representatives would have accepted three additional points for universities to replace the fiscal adjustment payment which Ottawa had been making beyond the value of the tax points.⁶⁶ As it happened, about three income tax points (beyond the Fiscal Arrangements Act abatement) were offered to the provinces, but they were part of a package which included all three shared-cost programmes, of which post-secondary education represented only some one-third of the total costs.

⁶⁴Interviews with Ontario civil servants.

⁶⁵New Brunswick, Nova Scotia, and Saskatchewan Ministers of Finance expressed preference for another extension of the Fiscal Arrangements Act over Ontario's desired transfer of twenty personal income tax points. No one betrayed any approval of the federal proposals. William Johnson, "Provinces Opposed to Federal Proposal on Sharing Revenue," The Globe and Mail (Toronto), 7 July 1976, p. 1. Ontario officials previously had insisted in interviews that Manitoba's enthusiasm for the unconditional transfer of twenty points indicated unanimity amongst the provinces on this change, but events at the July conference proved otherwise.


⁶⁶The annual federal fiscal adjustment payment to Ontario has recently approximated \$150,000,000, which is close to the present value of two personal income tax points. Although Ontario preferred to receive three additional points, she was prepared to settle for two points in the 1976 negotiations. Interview with official of the Ministry of Treasury, Economics, and Intergovernmental Affairs, Ontario.

Earlier in the decade, Stephen Peitchinis had criticised the federal government for not demonstrating an interest in a national higher education policy "fostering the evolution of national social and cultural objectives."⁶⁷ We know from our examination of federal files that Ottawa has maintained such an interest, but apparently has not expressed it because of the anticipated provincial reaction. The federal proposals of summer 1976 may have represented a belated initiative and an attempt to influence at least some stated aspects of university education. It should be noted, however, that the early response from the provinces has not been supportive of even this limited involvement of the Government of Canada with the universities of this country.

D. Summary and Conclusions

The 1970's seem to have continued the trends toward provincial government control of universities which were evident in the preceding decade. The universities of Canada continue to appeal for a vigorous federal government presence in the field. If anything, growing domination by provincial governments (including the Ontario government) has lent urgency to the universities' submissions. At least until mid-1976, however, the universities received little encouragement from Ottawa. The provinces have made some progress in cooperating in educational

⁶⁷Peitchinis, op.cit., pp. 346-347.



endeavours through the Council of Ministers of Education, but real coordination of their educational policies at any level is not likely. The Fiscal Arrangements Act has been renewed twice. At this writing neither Ottawa nor the provinces have suggested a replacement acceptable to all eleven governments. The federal government desires to retain a presence in the field, the expenses of which are not under provincial government control. It also wishes to keep its tax concessions to the provinces to a minimum. In contrast, many provinces, Ontario more so than some, would like generous fiscal concessions to permit assumption of full financing and responsibility for all services presently included in shared-cost schemes.

In conclusion, Ontario appears to have recognized in the 1970's that the Fiscal Arrangements Act in practice has become a shared-cost programme rather than a straight fiscal transfer. However, the province has never accepted the principle of federal influence over expenditures. Once it became clear that inflation would cause the fifteen per cent annual ceiling on federal cost increases to reduce the federal contribution to post-secondary operating costs in Ontario to less than fifty per cent, the provincial government stepped up its criticism of shared-cost schemes and demanded that they be replaced by abatement of a large number of tax points. Thus, the Fiscal Arrangements Act became progressively less popular in Ontario while it remained disliked in Ottawa. Probably the most important aspect of Ontario's policies in university education relating to the

federal government has been the continuing insistence on a large transfer of tax points. Clearly, in the 1970's Ontario will not embrace the conditional block grants acceptable in 1966 unless they are offered as a supplement to the income tax points already abated under the Fiscal Arrangements Act. These abatements--indeed, one suspects, all abatements--once acquired may never be willingly given up by the province of Ontario. Moreover, it may be further suspected that this province will continue to express dissatisfaction with federal programmes for assistance to universities, and will continue to promote changes in these schemes, until sufficient number of tax points are abated to permit full provincial financing of universities.

Thus, the legacy of the 1966 federal-provincial negotiations and the Federal-Provincial Fiscal Arrangements Act which resulted from them has been at least a decade-long perpetuation of federal-provincial discussion and conflict (that is, federal disputes and federal stress) in the university assistance field. This is so for at least these reasons: the nature of the programme was deliberately ambiguous and therefore open to misunderstanding and conflicting interpretations; both federal and provincial governments inaccurately projected their own costs under the scheme; the federal government, increasingly sensitive to the relationship between universities and the nation's economy and culture, has felt totally powerless to influence the direction of university development under the programme; and many of the provinces, Ontario included, care

to believe that continuation of the Fiscal Arrangements Act hindered their acquisition of much-desired substantial tax abatements. The Fiscal Arrangements Act, at least to late 1976, produced no decisive winners or losers amongst the governments. Ottawa retained at least a foothold in a jurisdiction of which some provinces have become increasingly jealous, and all provinces gained in return at least a few tax points and a huge annual supply of federal largesse. Perhaps least successful in this period were the universities themselves, which have relinquished nearly all their autonomy to the provincial government (in Ontario). The Fiscal Arrangements Act seems to have neither retarded nor accelerated this process, which was well advanced at its inception.

On balance, however, the provinces have fared better than the federal government under this legislation. The federal government has maintained continued interest and desire to retain manoeuvrability in the university field in the 1970's. But in practice Ottawa has been willing to transfer additional tax points to the provinces and to surrender the relationship between levels of federal assistance and actual university costs. This federal policy represents an extension of the policy of late 1966 to yield gradually to provincial demands for full autonomy and fiscal capacity in the university jurisdiction. Once again, the potential for serious federal disputes appears to have helped not merely to rule out any decisive federal initiatives in respect to universities; it has also furthered the trend toward provincial autonomy in the field.

CHAPTER VI

SUMMARY AND CONCLUSIONS: UNIVERSITIES AND GOVERNMENTS IN A FRAGMENTED FEDERATION

This chapter offers a summary of the full evolution of university-government relations in Canada. Conclusions and speculations about the past, present, and future of these relations are presented. Five topics are discussed in this chapter. First is a brief historical review of the full range of university-government dealings in Canada. The emphasis in this discussion is placed upon how and why these relations have evolved as they have. There follows an evaluation of the contribution made by the federal government and the universities to this historical development, and their impact upon the present status of the university-government relationship. Next is speculation about what "might have been," had Canada's universities or the Government of Canada pursued policy alternatives other than those which they have followed. A brief consideration of what the present provincialized organization of higher education in Canada implies for the future of Canadian higher education is then presented. There is a discussion of the price that is paid when there is no national coordination of higher education--and the price that would be exacted if such coordination actually were attempted. Finally, we offer speculations about the future of university-government relations in Canada, in

particular the likely role of the federal government and level of university autonomy in the foreseeable future.

In the eighteenth century, as we have seen, education at all levels was considered a private matter in which governments had no proper place. Prior to Confederation, however, Ontario had embarked upon a decisive introduction of public educational facilities. These had included the University of Toronto, which has been a "provincial university" since receiving its present name in 1849. From that time to the early years of the twentieth century, the provincial university had coexisted with a growing number of private, denominational schools which (by a provincial government policy enunciated in 1868) had been ineligible for provincial assistance. Partly because education had been designated a provincial field at Confederation, and partly because neither universities nor the federal government had perceived any compelling need for federal aid, there had been no direct or indirect federal government assistance to Canadian universities in the nineteenth century.

The twentieth century, as has been shown, has witnessed the gradual secularization of all six of Ontario's denominational universities. In every case this often agonizing decision had been taken in response to financial pressures. As each institution was secularized, it began to receive assistance from the provincial government. Prior to the 1950's, this aid was quite unconditional, and as such it had permitted each of Ontario's universities to conduct its internal affairs as it

saw fit--provided it maintained nonsectarian status. Universities had remained quite small in the first half of this century (at least to 1945), and had managed reasonably well on the limited outside assistance which they received. Three denominational universities had kept up a precarious existence into the 1940's. Although the federal government had become indirectly involved with higher education through a number of activities in the period prior to 1945, no direct federal assistance to universities was extended.

At the conclusion of World War II, Canada's universities, as we have seen, were flooded with returning veterans and were changed forever. Enrolment nearly doubled. The federal government offered direct payments to all Canadian universities on a per veteran basis to defray the huge increase in their expenses. No provincial government expressed an objection. Even with this federal assistance, Ontario's surviving sectarian institutions began to find it impossible to endure without help from the province. With great reluctance, they commenced to secularize. A genuine financial crisis gripped Canadian universities when the veterans graduated and the federal aid dried up. Encouraged by the Massey Commission and the university community, Ottawa shifted its support to a per capita grants scheme which retained the direct relationship with universities but placed it on a seemingly permanent footing. Only Quebec opted out, or even expressed public opposition to the programme. In Ontario, despite periodic increases in the federal per capita support, provincial government

assistance to universities tripled in the 1950's and nearly quadrupled in the first half of the 1960's, leaving the levels of federal aid far behind. At the same time, through a series of incremental moves, the Ontario government commenced to exercise some measure of control over the province's universities.

The middle 1960's appeared to constitute a great watershed. Both in Ottawa and in Toronto the long period of non-recognition of the contribution of higher education to scientific and technological advances--and economic well-being--in an industrial society and in the "free world" had come to an end. Universities and governments at all levels had concurred on the urgency of rapid and indiscriminate expansion and popularization of universities. Provincial government assistance to universities had increased enormously, by nearly fifty per cent. in one particularly expansionary year (1965-1966) in Ontario. The federal government, as we have seen, also wished to extend more generous support to Canadian universities, and on a basis whereby university expansion and facilities could be geared to federal manpower and other priorities. This proved to be unacceptable to the provinces. Ontario commenced to oppose any direct federal relationship with universities. Finally, with the June 1966 election of an autonomist Union Nationale government in Quebec, federal officials determined not to offer an assistance scheme from which Quebec would opt out and assume a kind of "associate state" status. The federal government believed it had no choice but to ignore the pleas of the university community.

and acknowledge a newly fragmented and conflictful federal setting. The outcome was a complicated fiscal transfer scheme which terminated Ottawa's direct relationship with universities, greatly increased the flow of federal funds into the provinces for university education, and which was so flexible that it could be interpreted and administered by all provinces in a manner which even Quebec found acceptable.

Under the Fiscal Arrangements Act's fiscal transfer scheme, provincialization of Ontario's universities has proceeded inexorably. Much of the provincial control is exercised through a formula finance scheme and an advisory committee. It should be kept in mind that these are independent of (and in fact predate) the Fiscal Arrangements Act. The university community, ever more fearful of relinquishing whatever freedom it retains, has continued to press for a reassertion of a direct or at least a vigorous federal role in university education. The Fiscal Arrangements Act has been unpopular both in Ottawa (because costs have exceeded expectations and have been largely uncontrollable by the federal government, and because the nature of the federal setting and provincial jurisdiction in the field prevent Ottawa from exercising influence over university development or facilities under the scheme) and in Toronto (because shared-cost schemes distort provincial priorities and hinder the acquisition of the much-desired large income tax abatements which would permit full provincial autonomy in the field.) The programme remains in force because no one has yet devised an alternative acceptable

to both the federal government and the strongest provinces. Not one of the eleven governments seems concerned with what the universities find acceptable, perhaps especially in a period of mounting disillusionment over the role of higher education in national economic prosperity. In this climate the processes of executive federalism are perpetuated and federal-provincial conflict is maintained over an indefinite time. With the federal setting remaining highly fragmented, and with some provinces (including Ontario) particularly strong, there is little likelihood that any federal initiatives in university education can be accepted by the provinces unless Ottawa recognizes that the provinces must exercise full discretion over how the federal assistance is distributed, and makes federal aid highly lucrative to the provinces.

It is clear from our discussion that university-government relations in Ontario essentially have evolved in relation to policies undertaken by the provincial government. More than anything else, it had been Ontario's determination not to assist denominational universities that has forced all such institutions to secularize. In the 1960's, the provincial influence increased enormously. Provincial government assistance policies virtually dictated the speed with which universities would expand in the period. It was Queen's Park that determined the number, location, and character of the new universities which were created in that decade. Through university advisory committees and formula finance, the province has become ever more greatly involved in the

internal affairs of the universities. Finally, since the middle 1960's federal government policies toward universities have been fashioned to conform with provincial government interests in the field, even though such policies have necessarily and often significantly conflicted with both federal government interests and the express desires of the university community.

Given the province's pre-eminent role in university-government relations, even (after 1966) those which involved federal assistance to universities, precisely how great a contribution to these relations have the universities and the federal government actually made? By all indications, the influence of the universities over federal policies in the 1940's and 1950's-- in particular in 1944, 1951, and 1956--was far greater than at any later time. On these three occasions the Canadian university community, largely through the National Conference of Canadian Universities, was able to convince the Government of Canada to commence or broaden its direct assistance to universities. Of course, the circumstances of the times greatly bolstered the universities' arguments: the (1944) influx of returning veterans, the (1951) Massey Report and the disappearance of the grants for veterans, and (throughout the period) a dawning appreciation in government of the relationship between higher education and economic prosperity. Moreover, at the time provincial governments were largely compliant and university systems were not yet provincialized. The 1965 Bladen Report,

many of whose recommendations and projections were accepted in Ottawa, succeeded in gaining the desired federal response, but only for a one-year period. Bladen and other university and non-university influences did spur the federal government to make a large financial commitment to the expansion of higher education facilities. But from 1966 to the present, universities seem to have exercised virtually no influence over the federal government (other than helping to persuade Ottawa to maintain this commitment to help finance higher education), owing not to an absence of federal concern for universities but to the emergence and perpetuation of a federal setting which has precluded a direct federal government-university relationship.

Ontario universities, in these circumstances, understandably have had to appeal to the provincial government for assistance and for full respect of university autonomy. It was clear by the middle 1960's that the best for which the universities could hope was that the province maintain a generous level of support and keep its control over them to a minimum. The university community believed at the time that it should argue for meaningful representation on the provincial advisory committees and persuade the federal government to retain and enlarge (at least in financial terms) its direct contribution to the universities. The university community was divided but generally seemed to support the introduction of formula finance. Once the federal government had withdrawn from the per capita grants scheme, the Ontario universities pinned their hopes on the

influence of the Committee of Presidents of Provincially-Assisted Universities of Ontario, university representatives or the Committee on University Affairs, and on the (they hoped) equitable character of formula finance. When, by the early 1970's, the provincial government's influence over universities was thought to be growing, and its willingness to increase its support generously each year seemed to be dwindling, the universities of Ontario found themselves in a poor position to remedy either aspect of the situation. The AUCC could not expect its 1976 proposal for three-way consultations in advance of federal-provincial negotiations to be afforded serious consideration by either level of government in these circumstances. All in all, particularly in the past decade the university community has enjoyed little influence over governments at either federal or provincial levels.

While universities did exercise some influence over the federal government (before 1966), and the provincial government has enjoyed increasing control over Ontario's universities, there appears to have been no federal government power over the nature or direction of university expansion at any time.

Ironically, however, it may very well be that federal influence over Canadian universities actually has grown under the Fiscal Arrangements Act, rather than lessened as the university lobby has believed. The university community vocally lamented the discontinuation of the direct federal-university relationship which it had endorsed. But under the per capita grants, the

provinces could and did freely adjust their own assistance to the universities in line with the federal grants. They also provincialized their universities as they wished. Of course, this process, which was well advanced in 1967, has continued under the Fiscal Arrangements Act. The most important difference in federal influence over universities under the two programmes is that the shared-cost scheme has supplied the provinces with a much greater incentive to expand university facilities than did the per capita programme. This was because far more federal money for universities had been provided under this arrangement than ever before, and also because the amount of federal assistance (in seven provinces, including Ontario) for the first time had been positively related to university operating costs. Thus, under the Fiscal Arrangements Act the federal government may have favourably influenced the scale (though not the nature or direction) of university expansion. We know that this was one of its objectives. It is impossible to determine definitively whether it has had this effect. But on balance it does appear that, in Ontario at least, provincial government expenditures on universities have been favourably affected by both the character and the sheer magnitude of the fiscal transfers under the shared-cost programme.

Even if the Fiscal Arrangements Act has encouraged Ontario to spend more money on universities than would have been expended otherwise, it has not produced any genuine federal government involvement in Canadian university education. It appears that a federal initiative to affect the nature of university offerings might have been acceptable to all provinces other than Quebec

in the 1950's, when the federal setting was still rather centralized. Unfortunately for Ottawa, the period in which federal activity in the university field to influence the national economy and culture was becoming highly appreciated (around 1965, it seems from federal files) was precisely the time when provinces (at least Ontario) commenced to demand full autonomy in such provincial jurisdictions as education. Thus, when Ottawa possibly could have seized the initiative in exerting influence over universities, she was not yet interested in doing so. When she began to express some interest, she could no longer take the initiative. The federal government is still concerned with the university-national economy relationship, but the chances of significant federal activity in this matter under the present federal setting are not promising.

On balance, it is difficult to discern, even with the alleged benefits of hindsight, any strategy or policy alternatives which the Canadian university community or Government of Canada might have followed which would have led to a university-government relationship materially different from what prevails today. The "might have beens" are particularly sparse for the universities, which both individually and through their associations have not been in a position to induce governments to pursue a particular line of policy. They lack the resources necessary to make government heed their appeals. Unlike both federal and provincial governments, the university community cannot employ threats, blackmail, bribes, and other weapons characteristic of federal-

provincial relations. To put it plainly, the universities lack political clout.

Compounding this problem since the early 1960's has been the fact that universities have become a major expense to the Ontario government. We recall that an Ontario civil servant noted in an interview that while the federal government exercised no control over the universities under the per capita grants scheme in the middle 1960's, such power would have been forthcoming eventually had federal support continued to increase. He might have made the same observation about provincial government assistance. By the middle 1960's, the level of provincial aid to Ontario's universities had reached the point where some government supervision was virtually inevitable. The timing of the Minister of University Affairs' Gerstein lecture and of the introduction of formula finance was no accident. There is irony in this development as well. It was the university community itself which had propagandized most vociferously for the rapid expansion of university facilities (and thus the great increase in financial commitment by the provincial government) which had rendered this government control unavoidable. It is unclear whether the universities foresaw that they would face this situation in the event that Queen's Park monopolized public support for their operation, but they mistakenly believed in the 1960's that through one means or another the federal government would not permit provincial government domination to take place. On this crucial matter, in which the "two masters" argument was

central to the universities' thinking, the university community misread the changing federal setting and Ottawa's interpretation of its direct relationship with universities. In this connection, one action which the university community (presumably through the Association of Universities and Colleges of Canada) might have taken in the middle 1960's would have constituted the making of an effort to identify the preoccupations of federal officials at the time. This might not have been easy to accomplish, but had it been done the universities might have appraised more realistically the range of alternative forms of financial support open to the federal government in that period, and adapted their appeals accordingly.

Looking at this question from the federal government perspective, the most tempting "might have been" involves the possible opportunity for Ottawa to become deeply involved with Canadian universities in the 1950's. In that decade, when only Quebec publicly opposed the per capita grants scheme, there may have been a chance for the federal government to devise a formula which would have encouraged universities to tailor their offerings to national economic priorities. It is not easy to determine what the response of the universities to such a scheme might have been, but Ontario and other provinces of English Canada just might have found it acceptable. Of course, it is very likely that such a scheme would have been abandoned under provincial pressure in the 1960's in any case. Even Prime Minister Trudeau's 1976 assertion of fields of proper federal concern in university

education omitted economic and manpower considerations, which had become a great priority to the federal government approximately a decade earlier. Everything considered, once the federal setting had changed in the 1960's, Ottawa had little choice but to discontinue the direct relationship with universities and transfer assistance for universities to the provinces. Indeed, it may be that the terms of the Fiscal Arrangements Act, which rewarded provinces for spending heavily on higher education, were the most favourable from the standpoint of its own influence over university development that the federal government could have realistically expected at that time.

There is, and seemingly can be, no national coordination of higher education in Canada. The provincial governments are unwilling to permit Ottawa to undertake such activity in any form whatever. The provinces have created an instrumentality (the Council of Ministers of Education) through which they may devise some integrating activities from which the federal government presumably would be excluded. But at this writing, agreement on even a minor level of interprovincial coordination of universities appears most unlikely. Given that there is no likelihood that Canada's universities will be integrated in some way, does this imply a serious weakness in the educational or economic well-being of Canada? Is there a price to be paid for the continued fragmentation of university education in Canada?

Surely a Canada whose universities were merged into a fully harmonized system under federal, interprovincial, or joint

federal-provincial control, would be a Canada very different from the country that we know. Canada's federal setting and her ad hoc, tentative nature would, in a very real sense, render such an organization of higher education incompatible with the essential character of the country. In addition, a determined unilateral federal initiative for coordination of universities would create great federal stress and severely strain the already tenuous federal-provincial relationship under executive federalism. There is naturally a price to be paid for this perpetuated fragmentation. Accommodation of university facilities to national economic and manpower priorities, as these are defined by the Government of Canada, is indeed attractive for its seeming rationality and efficiency. It is also possible that joint federal-provincial activity to coordinate university offerings would permit the universities to return to the "two masters" situation and play off the two levels of governments against each other. They might thereby retain more autonomy than they can hope to exercise under provincial government domination. But (the qualifications offered in Chapter VII aside) federal, federal-provincial, or probably even interprovincial coordination of universities is most likely impracticable in the present environment, and is inconsonant with the now-ascendant principle of provincial government autonomy in university education.

The discussion in this thesis leads to the inescapable conclusion that both a recovery of university autonomy and a revival of successful federal government initiatives in university

education are most unlikely in the foreseeable future. It is perhaps true that the first of these eventualities cannot occur unless the second also takes place. As long as government assistance to universities supplies the preponderant share of university operating expenses, and as long as provincial governments monopolize the distribution of government funds for universities (whatever the origin of the money), Canadian universities will remain under close provincial supervision. That is, the factors which permitted and induced the province of Ontario to intervene in the management of universities in the 1950's and 1960's still prevail and appear to be enduring. The university community (through its submissions) seems to believe that only the federal government may be in a position to regain for it some portion of the independence which has been lost to provincial governments. But federal initiatives in this and other fields of provincial jurisdiction are hostage to the overall federal setting. As long as the federal setting remains fragmented in actual exercise of political power, an expansion of the federal role in university education--and therefore the partial recovery of university autonomy--must be considered in suspension:

CHAPTER VII.

TOWARDS A PERSPECTIVE ON THE PERPETUATION OF A FRAGMENTED FEDERATION

The Canadian federal state created at Confederation from four highly diverse component units has incorporated six more provinces while maintaining both its social fragmentations and its existence. This is a remarkable achievement in itself. The onset of vigorous assertion of autonomy in their fields of jurisdiction by many provinces, and the rather hazardous practice of executive federalism which this has promoted, have rendered the perpetuation of Confederation ever more uncertain. Even so, executive federalism has succeeded in gaining accommodations between the federal and provincial governments in a number of fields of mutual concern but provincial jurisdiction. This final chapter endeavours to attain a perspective on how and how well the Canadian federation does perpetuate itself in the federal setting which prevails in our day--and which promises to remain with us for some time.

Five subjects are discussed in this chapter. We begin with a brief recapitulation of the essential trends in federal-provincial relations from Confederation to the present. There follows a summary of federal-provincial dealings in respect to universities specifically. Next is an evaluation of the nature of executive federalism itself and of how it can and does succeed

in harmonizing federal-provincial and interprovincial conflict. Subsequent to this is a discussion of how executive federalism may and should be conducted in the future to minimize the possibility of intergovernmental discord so serious that Confederation would be endangered. Finally, the range of research problems posed by this thesis is examined. Suggestions for future research are presented.

Canada's eleven decades as a federal state have been characterized by three phases in the relationship between the federal government and the provinces. The first period was approximately a half century of dual federalism, under which the central and provincial levels existed essentially in isolation from one another. The federal setting was rather centralized and generally peaceful, although court decisions and other circumstances gradually built up provincial government powers. Provincial jurisdictions specified in the British North America Act were quite inexpensive under dual federalism, if only because social services now provided by government were largely non-existent in the nineteenth century.

The second phase of Canada's federal-provincial relations constituted the period of cooperative federalism, which commenced in the 1910's. When the importance and cost of such provincial jurisdictions as education began to be recognized, the provinces (limited to raising taxes through an unremunerative direct taxation) accepted conditional grants from the federal government. These grants were necessary to assist them to carry out their

newly expensive responsibilities. The federal setting was basically peaceful and still centralized in this period.

In the 1960's, as has been shown, executive federalism and the third and present stage of federal-provincial relations emerged. The provincial responsibilities had become far more costly than ever, and their fiscal resources were still more inadequate to fund them than previously. At this point many provinces, particularly Quebec and Ontario, had commenced to demand sufficient unconditional tax abatements from the federal government so that they could exercise autonomy in their own jurisdictions. Federal stress and federal disputes have resulted because Ottawa's response has not been sufficiently favourable from the provincial point of view. As a result of this conflict, the federal-provincial conferences which have been discussed became necessary to permit the eleven governments to reach agreements on funding and administration of a number of shared government activities in provincial fields. In the circumstances of a fragmented and conflictual federal setting, these negotiations have been unavoidable. Equally inescapable has been the exacerbation of federal stress which the processes of executive federalism have produced. As of the middle 1970's, Canada's federal setting remains conflictual and fragmented in exercise of political power, and the face-to-face confrontations between federal and provincial executives continue. Although the presence of a separatist Quebec government may force modifications in executive federalism, it is unlikely that a fourth phase to the

federal-provincial relationship is upon us or is likely to appear in the near future.

There were no relations between Ontario or other provinces and the federal government in respect to universities during the period of dual federalism. At that time there was little government involvement of any kind with higher education, and in any case there were few occasions for federal-provincial discussion. In the cooperative federalism stage, the central government offered assistance to the provinces to encourage them to undertake agricultural and vocational activities as early as the 1930's. Ottawa did become involved with grants for individual students prior to 1945, but it was not until that date that there was federal activity directly relating to the universities themselves. In 1945, federal government assistance to universities to help accommodate the large influx of World War II veterans (offered in response to urgent appeals from the National Conference of Canadian Universities) represented the commencement of a direct Ottawa-university relationship. The provinces were apparently not consulted, and in the centralized and peaceful federal setting of the period not even Quebec offered any opposition.

As the veterans began to disappear from university campuses around 1950, the university lobby once again requested operating assistance from the federal government. This time it was offered on a per capita basis, apparently without the provinces being consulted prior to the announcement of the programme.

The provinces were, in effect, simply given the option to withdraw their universities from the scheme. Only Quebec chose to do this. The other provincial governments publicly supported the programme into the middle 1960's. The size of the federal grants was increased on four occasions, largely, it seems, as the result of pressures from the universities.

By the middle 1960's, the period of cooperative federalism which the per capita grants represented was clearly at an end. Many provincial governments demanded fiscal concessions so that they could pursue their own policies without having to defer to the federal government in any way. University education had been a point of federal-provincial contention, particularly for Quebec. In Ontario, the provincial government had privately expressed its willingness to accept federal grants for universities, so long as they were distributed to the provinces, not the universities. As the October 1966 federal-provincial conference for the introduction of the new federal university assistance programme approached, federal officials had concluded that Quebec must no longer opt out of such a major national endeavour. Because the present period of executive federalism and provincial assertiveness in provincial fields of jurisdiction was manifestly underway in 1966, federal officials had devised a scheme which they hoped would minimize federal stress in this sensitive area while perpetuating a federal presence in the field. This it did, but only because the arrangement transferred huge sums of federal money to the provinces in such a manner that

there could be no federal involvement in decisions on how the money was to be spent or how (and how expensively) provincial university systems would develop. Moreover, the scheme was deliberately made susceptible to varying and conflicting interpretations, so as to make it acceptable to all parties.

Under the Federal-Provincial Fiscal Arrangements Act which embodies the federal proposals and provincial refinements (the latter of which were largely designed to maximize the size of the federal contribution), there have been a series of conflicts between federal and provincial governments. These disagreements principally have concerned the extent and character of federal tax transfers. They have not considered the nature of university development. Thus, federal-provincial relations under the Fiscal Arrangements Act essentially have comprised negotiations over tax points, jurisdiction. The Act is unpopular both in Ottawa and in the strongest provinces, but it has been renewed twice due to the inability of the parties to agree on a replacement. The federal government wishes to retain a "foot in the door" in university education while exercising at least some control over its own assistance. All of the "have" and resource-rich provinces desire (and occasionally demand) generous tax abatements and a federal withdrawal from the field. Federal stress will continue to endure on this issue as long as each side maintains positions inimical to the other. Indeed, so long as there is any involvement of the federal government in university education, there is the likelihood of perpetuated federal stress and periodic renewal

of federal disputes between Ottawa and the strongest provinces.

It is necessary to add a word about the propriety of drawing conclusions about Canadian federal-provincial relations and the future of Canadian federalism from the study of relations in the single jurisdiction of universities. The potential problem with this jurisdiction is the presence of a "third force," the university lobby itself, whose influence over federal and provincial government policies and relations might have rendered federal-provincial relations in this field unrepresentative of their dealings generally. However, as we have discovered repeatedly throughout this study, despite its best efforts the "third force" has failed to affect the relations between Ottawa and the provinces in any significant way. Consequently, adjustments designed to appeal to the universities, which the university lobby might have managed to effect in federal-provincial relations, have not taken place. Universities are as suitable a jurisdiction for study of federal-provincial relations as is any other subject of their negotiations.

We may recall the newly formidable resources of certain provinces, and the set of advantages which executive federalism affords them from the discussion of the nature of executive federalism. It was noted that the negotiations inherent in executive federalism inevitably bring into play such practices as threats, bribery, and blackmail. In a tentative arrangement like Confederation, all federal-provincial negotiation features clashes of constitutional and jurisdictional interests, with

such to be gained -- or lost -- by all parties.

In addition to these circumstances surrounding executive federalism, this thesis' study of federal-provincial relations in the university jurisdiction directly suggests five further consequences of executive federalism. The first result of executive federalism's recurring negotiations is a hardening of the positions assumed by individual governments at both levels, to the point where virtually a "siege mentality" prevails within a number of governments. Generally speaking, we have observed amongst both Ontario and federal officials the determination not to surrender something (such as tax points, a "foot in the door" of a jurisdiction, or autonomy in that jurisdiction) which the other party is perceived as driven to obtain or deny by one means or another. This petrification of the positions of each side is reinforced by the frequent perception that the other side is using or is willing to use such tactics as threats to attain what it desires. The second consequence of executive federalism is that the jurisdictions over which federal and provincial governments are wrangling become almost insignificant in themselves, while the respective federal and provincial interests assume formidable proportions. That is to say, in respect to the university jurisdiction, the question of what is or is not good for or desired by Canada's universities inevitably becomes subordinated to the resolve of each side to protect and advance its own interests in the field, its fiscal manoeuvrability, and its overall power position within Confederation. It is

partly for this reason that, the interests of the universities and other third parties receive little attention by either level of government under executive federalism. The third result of executive federalism is the intensification of the imbalances amongst the provinces in resources. We have seen that Quebec and (to a lesser extent) Ontario have exercised an influence over federal government policies respecting universities greatly exceeding that of any other province. In some other jurisdictions, notably oil and natural gas, the two westernmost provinces enjoy formidable negotiation resources of their own. Several provinces, however, are virtually bereft of any resources in executive federalism, and as such their interests can be and are generally overlooked by both their more fortunate neighbours and the federal government. Fourth, agreements reached under executive federalism (much like Confederation itself) tend to be ad hoc, tentative, affected by immediate circumstances, and necessarily of short duration. Recall that the Fiscal Arrangements Act was heavily influenced by the 1960 Quebec election, was originally instituted for five years, and later was renewed for two years and again (after further negotiations) for three years more. The fifth and final consequence of executive federalism is that as long as Ottawa and the provinces engage in discussions involving public policy in fields of provincial jurisdiction (such as universities), the federal government is maintaining some leverage in provincial files. At the same time the surrender of sufficient tax points for the

prevailed to assure full responsibility in all of their jurisdictions is being forestalled.

Thus, the perpetuation of executive federalism, for all its exacerbation of Canada's already formidable centrifugal forces, is very much in the interests of the Government of Canada. The only conceivable alternative in the present fragmented federal setting is the transfer of the tax points which would terminate (perhaps definitively) Ottawa's manoeuvrability in such fields as university education. Surely this option must at least occasionally seem attractive to federal officials. It represents the "easy way out" and at least the possibility of an end to many federal disputes and much federal stress. It might also discontinue those unpleasant practices attendant to executive federalism, which sometimes appear to strain the fragile and tentative fabric of Confederation to the danger point. In addition, the federal government's inability to orient its assistance to federal economic and manpower priorities may also induce a certain despair, at least in the university field. Besides, the only provinces which presently accept a federal role in university education are the ones so weak in resources that they can be ignored with impunity. At this writing, however, it appears that Ottawa's insistence on protecting its twin interests in this field--maintaining a "scot in the door" for possible future use and retaining as many tax points as possible--may continue to supply sufficient inducement for some federal government activity, and thus a continuation of federal-

provincial relations, in this field. Under these circumstances, surely one matter of interest is how executive federalism can be carried out in the future so as to minimize its unhappy and potentially disruptive features.

Although the federal government may wish to see executive federalism continued, it must be observed that executive federalism has operated to the political advantage of at least the strongest provinces. On the occasions when the interests of provincial government executives have conflicted with those of Ottawa, executive federalism has provided these officials with the opportunity personally to reach accommodations with the federal government and thereby play a direct role in the shaping of national policy. Provincial executives have professed exasperation over the fact that these agreements have not resulted in the full realization of autonomy and fiscal power in provincial fields. But executive federalism has produced agreements which have supplied the provinces with significant jurisdictional and fiscal advances over the earlier periods of federal-provincial relations. Moreover, the trend since the middle 1960's has clearly been in the direction of steady improvement in the relative position of the provinces in respect to both their freedom from federal involvement in their own fields of jurisdiction and their capacity to command the fiscal resources essential to the execution of their responsibilities.

In the absence of pervasive identification with and loyalty to the regime as it is presently constituted, support for the

system must be grounded at least in part in its continuing utility. Executive federalism has proven itself to be a useful device for federal and provincial governments to accommodate their conflicting policies in the fragmented federal setting of recent years. In this way executive federalism has helped to keep the country together under adverse circumstances, even while it has unavoidably exacerbated federal stress and sharpened federal disputes. Surely there is no reason to anticipate that the seriousness of federal disputes, which has necessitated the negotiations of executive federalism, will lessen in the foreseeable future. On the contrary, the very existence of executive federalism helps to maintain a high level of intergovernmental conflict. Barring Quebec's taking a separatist course, it is possible that Canada may continue to exist indefinitely under some form of executive federalism. But one may hope that revisions in executive federalism as it is currently practised can be effected, if only to permit it to be carried out with the minimum impact of its least desirable--and most perilous--characteristics and consequences. We must address the question of how executive federalism might be made to work in the future so as to minimize contention, while acknowledging both the politically and socially fragmented nature of the country, and the legitimacy of continued federal concern for provincial responsibilities of obvious national interest.

It appears that the conduct of executive federalism to this point illustrates that Canada is characterized by two

crucially important internal divisions. One is a division of cultures, between French and English Canadians, which in practice means between Quebec and the balance of the country. As has been shown, this situation has reinforced Quebec's demands for autonomy. The other division concerns the interests of the provinces, and separates at least some provinces on one hand and the Government of Canada on the other. The strength of the provinces in executive federalism varies widely. The "have-not" provinces, particularly those in the Atlantic region, are conspicuously weak partners in executive federalism. By contrast, under cooperative federalism, all provinces were in roughly the same position in respect to the federal government. That is, conditional grant policies were made in Ottawa and offered to all provinces on a "take it or leave it" basis. As we have seen in the case of universities, in executive federalism policy decisions are reached, for all practical purposes, through negotiations between the federal government and those provinces in possession of the strongest resources for negotiation. The presence of the weaker provinces at these conferences is tolerated but like the universities they lack the resources and thus the political clout which is required for a significant contribution to the agreements reached in executive federalism. In this particular case, it is difficult to conceive of any strategy which these unfortunate provinces might employ to strengthen their role in executive federalism. All that we may do is observe that the perpetuation of the present interprovincial imbalance in wealth, resources,

and population is a prescription for political impotence, bitterness, and frustration on the part of about one half of the provinces of Canada as long as executive federalism endures.

The conduct of executive federalism resembles walking on a tightrope. The danger of leaning too far in either direction, toward decentralization on one hand or toward federally-imposed national coordination on the other, is ever-present. Either of these extremes would exacerbate the federal stress which already exists in the country. That is to say, these extremes would further fragment national allegiance in the federal setting and place the perpetuation of Confederation in greater jeopardy than ever. All eleven parties--or at least the half-dozen resource-rich parties--to the negotiations have to acknowledge that sufficient national allegiance and practical intergovernmental cooperation must be sustained to make perpetuation of Confederation desired throughout the country. Of course, such acknowledgement demands flexibility and the willingness on the part of all governments not to maintain obdurate positions. It also requires the realization that accommodations will not always be in full conformity with each government's interests.

Surely one of the reasons why provincial governments have not always greeted federal initiatives in executive federalism with this flexibility is that the negotiations always seem to involve fields of provincial (or shared) jurisdiction. On the whole, the federal government continues to guard jealously its own powers and denies the provinces any direct role in the

making of national policy decisions in these fields. At the same time Ottawa has insisted upon maintaining a role in such provincial fields as health and universities. If the provinces could be made to acknowledge that the federal government is legitimately involved in areas of clear national concern but provincial responsibility, some of the unfortunate features of executive federalism might be mitigated.

It might further be recalled that, in the negotiations of executive federalism, the provinces feel little need to concern themselves with the "national interest." They can and generally do confine their attentions to their own provincialized set of interests and priorities. Only federal officials must endeavour to maintain the national perspective which may demand subordination of their own priorities in those circumstances where potentially dangerous federal disputes threaten. In this sense, the federal government bears a unique responsibility to see that the federal setting remains peaceful, and that those federal disputes which might endanger the perpetuation of Confederation be minimized or averted altogether. As executive federalism is now practised, Ottawa seems to have two choices. The federal government may perpetuate a comparatively peaceful federal setting by steadily yielding ground to the provinces in those provincial jurisdictions in which she sustains an interest. The other alternative lies in inviting potentially serious federal stress and federal disputes by resisting further fragmentation of political power in the federal setting. Since the middle

1960's the federal government appears to have opted for the first of these choices when the threat of severe federal disputes has been apprehended. Neither of these alternatives presents the federal government and the provinces with the opportunity to work together to define a set of national priorities or to formulate policies to meet these objectives.

In one sense, it is not surprising that the federal government has not asserted itself in the university field in recent years. Even in the period of cooperative federalism, when the federal setting permitted much federal manoeuvrability in provincial jurisdictions, no effort was made by the federal government to influence the development of Canadian universities in any manner beyond unconditional assistance. In the present conflictful federal setting, federal officials have cited the expectation of provincial objections and the consequent intensification of federal stress as reasons for not taking initiatives in the university field. However, it is fair to speculate that, true to the ad hoc and incremental nature of the Canadian federation which predates executive federalism, the federal government appears to possess no long-range priorities for university education or any other responsibility of government in Canada. Ottawa might well have no such plans even if her manoeuvrability and initiatives in the field were permitted by the provinces. As we have seen, the province of Ontario, which has become quite jealous of the university jurisdiction since the early 1960's, has also proceeded without a master plan or

a conception of a long-range scheme for the province's university system. Moreover, as executive federalism has operated to this time, the ad hoc, short term character of federal and provincial government policies and priorities has been strengthened.

Nothing short of a revolution in the perspectives and practices of Canadian governments can produce a long-range point of view and the formulation and articulation of long-term priorities.

As we know, only the Government of Canada is in a position to advance a national perspective. As long as federal officials cannot or will not seek to establish a national purpose for Canada, and then endeavour to convince the Canadian people of its appropriateness, there is little reason to anticipate a revival of federal government prestige and influence in provincial jurisdictions. If the federal government should uncharacteristically become concerned with assuming a major role in university education, or choose to work with the provinces to define some set of national objectives, it must take the lead in altering the present character of executive federalism. Any changes should accord the provinces an appropriate role in the determination of national policies in fields of mutual concern, in recognition of the character of the federal setting at this time.

One suggestion which follows from this discussion is that the federal government might extend executive federalism to incorporate federal government recognition of legitimate provincial government participation in the making of policy decisions in fields of clear national interest under federal jurisdiction.

Such areas surely include international trade, manpower, communications, and national fiscal and tax policies. If the provinces were brought into the making of national policy in these fields, they would be less likely (or at least would have less justification) to demand full autonomy in their own jurisdictions. This change in the conduct of executive federalism would have several advantages. First, it would facilitate (though scarcely guarantee) the attainment of at least partially integrated policies and long-term planning in a number of closely related fields of jurisdiction, some of which happen to be under provincial and others under federal responsibility. The potential harmonization of policies involving energy resources and trade, fiscal policies and taxation, cable television, manpower and higher education, and national culture and higher education, is particularly attractive. Second, the inclusion of the provinces in the making of a wider range of national decisions would realistically acknowledge the fragmented state of the federal setting and thereby place the provinces in a political position consistent with their recently acquired self-confidence. Amongst other things, this could reduce federal stress by limiting the danger of provincial exasperation over the present conduct of executive federalism, and by inhibiting continued provincial demands for complete federal withdrawal from provincial fields. From Ottawa's perspective, such a change might permit the federal government to retain an involvement in fields of provincial jurisdiction, and to make a joint effort with the

provinces to set long-range national priorities and policy, without courting potentially perilous federal disputes. Moreover, it just might encourage provincial executives, despite their provincialized orientation, to adopt a national perspective on at least some issues.

After all, if executive federalism were to be revised as suggested here, the provinces and the federal government would have an equal stake in its success and perhaps equally as much to lose from its discontinuation. A final advantage of these changes would be that only by agreeing to such adjustments could the Government of Canada hope to exercise any influence over Canada's universities from the perspective of its cultural, economic and manpower priorities, given the present state of the federal setting. If the federal government is genuinely interested in influencing university development in Canada, it should be willing to offer the provinces a similar role in related fields of jurisdiction under federal control but of concern to the provinces. Flexibility and a spirit of compromise and fair play must be practised by all parties for executive federalism to operate so as to maximize the prospects of the long-term survival of Confederation.

No case study investigation of one province's relationship with the federal government in one jurisdiction can achieve more than a preliminary insight into the workings of the Canadian federal system. Research into federal-provincial dealings on any matter of mutual importance is appropriate. Such studies

have the potential to supply insight into the conduct of executive federalism. They may incrementally provide us with an understanding of how the Canadian federation keeps its fragmentations yet survives. In 1977 and beyond, the researcher must measure the influence of the separatist Quebec government on federal-Quebec relations and on the overall conduct of executive federalism. It is possible that this sobering new element in federal-provincial relations will force changes in the manner in which these dealings are carried out, especially (but by no means exclusively) the role and influence played by Quebec in those relations.

Further comparative research on the experience of federal states in operation is essential. The Canadian example is surely as eventful and instructive as that of any federation. Future studies should seek to discover regularities in the unfolding of the relationships between central and regional units of government. They should also attempt to explain why these regularities occur as they do, and why regularities in other aspects of the historical evolution of federal states may not exist. It may be hoped that the analytic terms introduced in this thesis will be employed in future comparative studies of federal states, and will assist in the formulation of generalizations in respect to the presence or absence of regularities. Ultimately, comparative studies which afford the Canadian experience the attention which it deserves inevitably will generate reinterpretations of those aspects of federal theory which presently stress the integrating character of ongoing federal states.

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POST SCRIPT .

For some three decades the Government of Canada has enjoyed a direct relationship with the universities of Canada quite apart from the veterans' grants program, the per capita grants, and the shared cost Fiscal Arrangements Act which have been discussed at length in this thesis. Most notable is the federal support for research in universities, but in addition there are a number of granting councils (such as the Canada Council and the National Research Council) which offer grants for such additional purposes as capital construction and fellowship assistance. By all indications, these direct relationships between universities and the federal government are well established and seem likely to endure indefinitely.

The major concern of this thesis is with how the federal and provincial governments of Canada accommodate their disagreements within the country's federal system. The federal research and related activities just described at no time have become a matter of federal-provincial contention. They have not been subjected to the negotiations which are characteristic of executive federalism. Indeed, in the federal Finance files which address university assistance policy, in the files which were consulted in Toronto, and in the interviews conducted in Toronto, there was no evidence of intergovernmental disagreements or negotiations relating to the forms of federal assist-

ance listed above. It seems clear that the Ontario government does not believe that these grants--or at least the present level, extent, or character of these grants--undermine or threaten provincial autonomy in the university field.

Because this aspect of government-university relationships has not been a source of conflict between Ottawa and Queen's Park, it cannot supply insight into the research problem of this thesis, the perpetuation of the federal system. Accordingly, in this thesis it has not been subjected to the same consideration as other forms of the relations between universities and governments.

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