

The government has also reached the conclusion 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, and indeed to the proper administration of the government of the country. . . .

In making this announcement I feel I should emphasize that the federal action is intended to provide a necessary supplement to the assistance to universities already made available by the provincial governments, and it is our earnest hope that no provincial authorities will regard this federal contribution as in any way replacing their own obligations to the institutions which they have been supporting in the past.

These federal grants are designed, moreover, primarily to assist the universities to maintain the highly qualified staffs and the working conditions which are essential for the proper performance of their functions — in other words, to maintain quality rather than to increase existing facilities. It is our feeling that if in any province increased facilities involving increased capital outlays are required by the universities, these should be met from the usual sources rather than from federal assistance. . . .

I might add that in making these recommendations to parliament it is intended to avoid any possible suggestion that we are interfering in any way with the policies respecting education in the respective provinces I am sure there can be no suggestion that in doing this there will be any interference with the absolute autonomy of the provinces and the provincial institutions in the field of higher education.⁴

During the 16 years of these grants, payments in all provinces except Quebec were made directly to eligible institutions through their national association. Quebec universities, at the insistence of the provincial government, refused to accept payments from 1952-53 to 1955-56. The Quebec government's position was that it would be more in keeping with the terms of Confederation if the federal government returned to the provinces all the direct tax fields which it had "rented" during the war. The renewal of federal-provincial tax-sharing agreements did not satisfy Quebec. In 1954, Quebec introduced its own individual income tax system. In 1956, the federal government announced a doubling of the per capita rate to \$1, and invited the AUCC to distribute the funds as an intermediary agency. From 1956-57 to 1958-59, Quebec payments, if refused (two small church-related colleges accepted), were held in trust by the AUCC until the institutions saw fit to accept them. For 1959-60 all Quebec institutions accepted. In 1960-61 an agreement was made between the Government of Canada and the provincial government in Quebec whereby the latter made grants directly to its post-secondary education institutions from

⁴ House of Commons, *Debates* (June 19, 1951), p. 4278.