

as against a moderate increase in
unswick (to \$432) had widened
to \$962 per capita.

Canadian economy is integrated
West lines only to a limited degree.
ns, to a large extent, a collection
al economies, some of which are
y closer links to a southern metro-
an to other parts of the country.
condition is easily demonstrated by
on the major provincial exports.
dominates in Canadian manu-
g and, for example, exports ap-
ximately half the motor vehicles and
ts produced in that province. Quebec,
and Ontario dominate in the forest
s; about nine-tenths of all news-
two-thirds of all softwood lumber,
one-third of all wood pulp produced is
ported. Quebec and B.C. also dominate
the mineral sector; about four-fifths of
aluminum produced and an equal pro-
tion of all iron ore extracted are ex-
ted. The Prairie Provinces naturally
minate in agriculture; about three-fifths
all Canadian wheat is currently ex-
ted. One final example — Alberta and,
a much lesser extent, Saskatchewan of
se dominate the crude petroleum sec-
where, at least during the late 1960s,
two-fifths of current production was
g exported. Hence, provincial govern-
its have an enormous stake in
ada's export trade generally and in
adian-American economic relations in
ticular. This regionally-differentiated
economic structure with regionally-spec-
external links is a fundamental cause
many federal-provincial disputes in Can-
ng. In 19 The recent battle over oil and gas
s with thorts is but one example. Moreover, as
0 to 35 pncial governments increasingly see
ary or pource exports as a primary basis for
in the pncial development, the stakes can
educat d y become greater.

The natural preference for export
ne Atlntickets in the United States is reinforced
ent below American-controlled multinational cor-
at for Ontations, which account for over half of
percent abadian exports and offer "assured"
s, Ontarickets together with the capital "input".
tely 50 perada, moreover, has the fastest-growing
manu actur force among major industrial coun-
t, the "nos, and there are wide regional variations
tic Prvinthe incidence of employment. These
per cent. together with the obvious economic
3 per cent political benefits of newly-established
r cent. ufacturing facilities, have encouraged
were newncial governments to step up their
gnificantly betition against each other for such
gap betwtries, which means prospecting for
by manu foreign, especially U.S., capital.

The changing issue agenda of Canadian
capita in tics, coupled with an increasing social

complexity and increasing public demands,
had led not only to a greater number of
policy problems being presented to gov-
ernments but also to problems that are
increasingly complex. As a result, pro-
vincial responsibilities have expanded and
provincial bureaucracies have followed
suit. The decrease in defence expenditures
from 30 per cent of the federal budget in
the late 1950s to less than 20 per cent in
the late 1960s signified the decline of
national security as a priority "collective
good". Over roughly the same period, pro-
vincial tax levies increased many-fold, and
the relative size of federal and provincial-
municipal spending shifted dramatically.
Federal expenditures represented 15.6 per
cent of the gross national product in 1947
and 16.6 per cent in 1966 — a relative in-
crease of only 6 per cent during the period.
Provincial-municipal expenditures, on the
other hand, rose from 10.3 per cent in
1947 to 21.3 per cent in 1966 — a stag-
gering relative increase of 107 per cent
over the period. This trend, moreover,
shows every sign of continuing.

During the early 1970s, provincial
total gross general expenditures alone, for
the first time in Canadian history, caught
up to and exceeded total federal expend-
itures. There has been a corresponding
shift in the relative magnitude of federal
and provincial employment. While the
totals were 187,000 and 155,000 respec-
tively in 1960, they had become 259,000
and 379,000 by 1970. These shifts repre-
sent an increase of 38.5 per cent in federal
employment over the ten-year period, but
an increase of 144.5 per cent in provincial
employment.

Growing disagreement

One serious consequence of greater pro-
vincial affluence and increasing provincial
diversity has been growing disagreement
on national objectives and policies. This
disagreement, coupled with the weakness
of minority Federal Governments during
the 1960s, has, according to some observ-
ers, led to an actual decline in the effec-
tiveness of the federal role. In turn, this
decline in federal effectiveness, or at least
the perception by the provinces of such a
decline, coupled with the increasing num-
ber of policy problems involving provincial
jurisdiction, the willingness to expand
provincial responsibility for these prob-
lems, and the enlarged provincial bureau-
cracies, has thus led to a greater degree of
provincial involvement, not only in domes-
tic but also in so-called "foreign policy"
issues.

This increased provincial activity
has, in addition, led to efforts to co-

*Provincial
expenditures
surpass federal
for first time*