

guarantee payments were tied to claims for continuing provincial losses resulting from the federal tax reforms of 1972. The provincial governments, in accepting the EPF arrangements, also gave up claims to continued cost-sharing under the hospital insurance scheme, which was not due to expire until mid-1980.

Despite the risk entailed in a GNP-driven formula (unrelated to the growth of actual costs), the provincial governments accepted the new arrangements because the increased flexibility would allow them to rationalize their delivery systems towards lower-cost alternatives. From the federal point of view, tying the transfers to the rate of growth in the economy had the advantage of providing both a ceiling and predictability regarding its payouts. Finally, both levels of government were relieved of the burdensome and contentious administrative requirements characteristic of shared-cost schemes.

When this new arrangement was proposed, it was expected that joint policy discussions related to health and post-secondary education would be required. Yet when the legislation was drafted, only the broad conditions of the old cost-sharing legislation which applied to the health transfer were retained: accessibility, universality, portability, comprehensiveness and public administration. No principles or conditions of any kind regarding post-secondary education were included.

In the absence of any conclusive information, we are left to speculate as to why the EPF legislation did not set forth a statement of principles for post-secondary education. One possible reason is that between the June 1976 First Ministers Conference and the enactment of the legislation, a separatist government was elected in Quebec. The federal cabinet was aware that this government perceived federal involvement in post-secondary education as an intolerable intrusion into an area of provincial responsibility. Furthermore, the federal cabinet was aware that a referendum calling for independence for Quebec was to be held sometime in the next four years. This approaching constitutional struggle may have had an impact on the will of the federal government to insist on the inclusion of any federally determined principles as a basis for its transfers to the provinces in respect of post-secondary education. While it is an aside, it is nonetheless interesting to compare the political struggles of today with those of the past. In 1864, George Brown, one of the Fathers of Confederation, stated that education was left to the provinces because of the concerns raised by "Lower Canadians" for their institutions:

In thus defining the functions of the general and local governments, it will, no doubt, be objected that we have committed certain matters of an important character to the local bodies which the people of Upper Canada would have been well content to have seen left to the general