

actual amounts transferred might not sound impressive in the American context; however, they represent over 5 per cent of all federal revenues. A similar transfer by the U.S. Treasury might run to more than \$12 billion this year.

From the point of view of the receiving provinces, their importance is evident when you know that for three provinces, in 1971-72, equalization transfers were equal to between 13 and 16 per cent of gross revenues. For two others, the comparable figure was more than 33 per cent and, for the two poorest provinces, equalization transfers were equal to 55 and 66 per cent of revenues.

Thirdly, the bill has a provision under which the Federal Government guarantees to make a grant to any province whose revenues fall below 100 per cent of those received in the immediately-preceding year except to the extent that such a shortfall is caused by a reduction in provincial tax-rates. While we hope this will never be operative, it is an important assurance against a sudden slump in revenues which might result from a severe economic recession, either nationally or in a particular province.

Between 1957 and 1969, provincial shares of total governmental revenue collections rose from 18 to 33 per cent, whereas the federal proportion fell from 69 per cent to 52 per cent. This reflected two factors -- increases in direct taxes by provincial governments and the negotiation of tax-sharing agreements which provided the provinces with tax room previously occupied by the Federal Government. It was these facts which in part led the U.S. President's Advisory Committee on Intergovernmental Relations, in its study of Canadian intergovernmental finances, to find, with respect to the Canadian system (and I quote) that, "tax sharing strengthens the fiscal capacity of the provinces within the Canadian federation" and that it has "gone a long way in reducing the general revenue imbalance".

In addition, the Federal Government co-operates with the provinces in several shared-cost programs, of which the largest are in the fields of health, welfare and post-secondary education. In the case of post-secondary education, for example, the Federal Government transfers an amount generally equal to 50 per cent of virtually all post-secondary education operating expenditures. In the current year, it is expected that this will total almost \$1 billion. On a *per capita* basis, the amount transferred varies from one province to another; the average is \$44 *per capita*, with the Province of Alberta receiving the largest amount, about \$52 *per capita*.

Some six years ago, the Canadian Parliament passed legislation known as the Canada Assistance Plan. CAP provided a single administrative framework for federal sharing with the provinces in costs of assistance and of certain health and welfare services for persons in need. Federal funds are transferred to provincial governments to cover, on a 50-50 basis, the costs of assistance to persons in need, and also of improving or extending welfare services. Very roughly, 30-40 per cent are paid for by provincial governments (the amount varying from province to province), and the remaining 10-20 per cent by municipalities. Thus the welfare burden on the municipalities is eased very substantially.