

The Fund for Schools

A Timely Discussion of One of
Our Gravest Problems

Dominion Grants for Education

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IN 1913 an act was passed by the Canadian Parliament which marks a great extension in, if not a departure from, the old principle of Dominion subsidies. By the terms of this act, appropriations are annually payable to each of the provincial governments for the advancement of agriculture through "education, instruction and demonstration." The first year there was available five hundred thousand dollars. This was annually increased until in 1918 there was one million one hundred thousand distributed to the provinces annually thereafter, until 1923, the subsidy was to remain at this figure.

Six years later an act was passed appropriating the sum of two million dollars for the purpose of promoting and assisting technical education in Canada. This sum is to be paid to the different provincial governments during a period of ten years. Seven hundred thousand was allotted for 1920, and each year the amount will be increased until 1924 when the act provides for an appropriation of one million one hundred thousand. The annual allotment will then remain at this figure until 1929. Ten thousand dollars annually is to be paid each province, and the balance allotted according to population.

One might pause to notice that population is not a fair basis on which to divide money to be used for education, but that is not the question at issue just now. What I wish to emphasize is that the provinces are looking more and more to the Dominion for funds to carry on government. Many do not like this trend of affairs, as they believe money received by way of a subsidy will be spent carelessly—"come easy, go easy." Certainly in the past the tendency has been in that direction. The provinces have spent money freely; they then have tried in various ways to raise money locally and have finally sent a deputation to Ottawa to show the cabinet why their province should have special treatment. This is too much like the prodigal writing to the folks at home to help him out. If the provincial governments cultivate extravagant habits with the expectation of being helped out of difficulties, no system could be worse.

It is recognized by economists generally that a bonus given to wage earners is more carelessly spent, and not so beneficial as the same sum given as regular wages. A subsidy granted as an extra, after the budget for the year had been prepared, would be open to the same objection; but it need not be the case with apportionments like those described, which are made on proper basis and anticipated from year to year.

It is stated by some provincial statesmen that the Canadian Federal grants for agricultural education have been misspent. This may well be the case. The amount of money given without previous preparation

was at first large. The tendency was to place a premium on a quick expenditure of the money. The grant has only a tenure of ten years and it would not seem wise to build up too elaborate a structure with the possibility of having no money to support it at the end of that time. This may have led in some provinces to a profligate distribution. But none of these things is a necessary part of Dominion appropriations.

What is wanted for education is a permanent and elastic appropriation, something like that now handed over by the county for educational purposes in New Brunswick. The school district gets its regular revenue from two sources, local assessment, and the county fund. The money from the county fund is not earmarked and spent more carelessly than the rest. No one ever heard of a local school trustee or commissioner paying a teacher a higher salary than necessary because the county fund was generous. In what way does a regular income of this kind differ from income from endowment received and carefully administered by the trustees of colleges and universities all over the civilized world? How does it differ from money received by the government from its permanent funds, or from investments with the Dominion government? Only in this, that endowments, investments, and permanent funds yield regular income, and by no process of coaxing, threatening, or political wire pulling can they be made any greater.

There is no inherent difficulty in the principle of Dominion appropriations, and as soon as a fair, common-sense system is devised and adhered to, the prejudice against revenue so derived will disappear. But even if a perfect system could not at once be devised, the provinces are really forced to find a larger part of their revenue in this way. This condition might be remedied by the Province assuming the right to levy a tax on property. Such a tax is levied in all or nearly all the states of the union. But this would destroy the separation of the sources of provincial and local revenue, which is one of the desirable things about our present system.

Speaking on the separation of sources, Professor Seligman of Columbia University says:

"The separation of state and local revenues is therefore a matter of vital importance in the American commonwealths of to-day. Not so much because it forms in itself any solution of the problem, but because it is the indispensable initial step to any substantial progress. The separation of state and local revenues is not a cure, but it alone will make a cure possible. It is from this point of view that we must address ourselves to the problem.

What will be gained by the separation of state and local revenue is that the state revenues will no longer be collected from the same source and in the same manner as the local revenues. It means practically that there should be no state tax rate on general property added to the local tax rate through the process of apportioning state expenditures among the localities according to the assessed valuation. And it implies as a corollary that some other method of securing the state revenues be devised." (1)*

If the principle of permanent and greatly increased subsidies is not worked out satisfactorily, the provincial government could call on all the counties to levy, with their own taxes, one or two mills for pro-

* (1) Report of the National Tax Association, 1915.