

Special Dominion Subsidies to Provinces

Education, Housing and Road Construction Have Been Bonused by Dominion, Through Provincial Machinery—Difficulties in Controlling Expenditures—Almost Half of Housing Funds Paid Out.

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DURING the past few years there has developed a policy of closer co-operation between the provinces and the Dominion. The policy has been subject to some criticism on the ground that it makes the provincial government more dependent financially upon the federal administration, and gives the opportunity where both governments are of the same political stripe to build up a powerful machine. However, as it has worked out, this argument is largely theoretical and the advantages of the plan as a whole are many.

There are now no less than four lines of work in which the Dominion grants loans or makes subsidies to the provinces under agreements and with federal supervision. These are for agricultural education, better housing, technical education and the building of highways.

Grants for Education

The start of this policy was made by Hon. Martin Burrell when he was minister of agriculture. In 1913 he introduced a measure called "The Agricultural Instruction Act," which provided for the expenditure of \$10,000,000 spread over a period of ten years, for the purpose of agricultural and instructional and educational work. The bill provided for a straight grant of \$20,000 to each province, irrespective of population, the remainder of the annual grant to be divided in proportion to population. Agreements were made with each province as to just how the money was to be expended, and there is a certain amount of supervision to see that the money is expended as appropriated. The bill provided for an allotment of \$700,000 the first year to be increased by \$100,000 annually until 1917, from which year until 1923, \$1,100,000 is to be voted yearly. On the basis of the bill the amounts have been divided among the provinces as follows, with the exception of the additional \$20,000 to each province irrespective of size:—

	1913.	Yearly increase.	1917-23.
Prince Edward Island ..	\$ 26,529.85	\$ 1,306	\$ 31,753.73
New Brunswick	44,509.93	4,902	64,117.87
Alberta	46,094.95	5,219	66,970.91
British Columbia	47,334.76	5,467	69,202.57
Manitoba	51,730.05	6,346	77,114.09
Nova Scotia	54,288.45	6,858	81,719.21
Saskatchewan	54,296.29	6,859	81,733.32
Quebec	159,482.40	27,896	271,068.32
Ontario	195,733.32	35,147	336,319.98

Public Highways

Following the passage of the Agricultural Act, a similar measure for the construction of better highways was introduced. This measure has had, however, a stormy passage. The building of roads has been in the past a favorite method of provincial political corruption. Provincial governments wanted complete control of the expenditure of the money and the bill became a political football. It was not until last session it was finally passed. It provides for the expenditure of \$20,000,000. Each province irrespective of population gets \$80,000 annually. The remainder is to be allotted in proportion to population spread over a period of ten years. A Dominion Commissioner of Highways has been appointed and he must approve of all specifications and agreements and expenditures. When an agreement is to be reached as to the erection of a highway, the Dominion in no case will

pay more than 40 per cent. of the cost. The clause of the bill reads:—

"The aid to be given in any case shall be forty per cent. of the amount which in the opinion of the minister is the actual, necessary and reasonable cost of the construction or maintenance of such highway as the case may be."

This first year is being devoted to organization purposes, for which \$25,000 has been appropriated. The payments for actual work under the Act starts this coming year, when agreements will be signed with the various provinces.

Housing Appropriations

The aid for housing, instead of a subsidy, has been in the form of a loan of \$25,000,000, divided among the provinces pro rata as to population. Only four of the provinces have availed themselves of the privilege to any extent, Ontario, Manitoba, New Brunswick and British Columbia. The two first-named provinces have borrowed to the full extent of the appropriation. The share of each province and the amount they have borrowed is as follows:—

	Share.	Paid out.
Ontario	\$ 8,753,291	\$ 8,750,000
Quebec	6,949,255	60,000
Nova Scotia	1,707,931
New Brunswick	1,220,710	600,000
Manitoba	1,580,534	1,580,000
British Columbia	1,361,521	750,000
Prince Edward Island ...	325,000
Saskatchewan	1,708,257
Alberta	1,299,714
Total	\$25,000,000	\$11,740,000

Technical Education

Finally, there was passed last session, the Technical Education Act, which provides for the expenditure of \$10,000,000 in subsidies for the development of technical education. It provides for \$10,000 for each province, irrespective of size, and \$700,000 for the first year, increasing to \$1,100,000 annually until 1929. The only proviso is that the grant paid to any province will not exceed the amount that province itself spends on technical education.

RETAIN SUPPLEMENTARY REVENUE TAX

The Alberta government is standing by its decision to retain the supplementary revenue tax, the repeal of which has been urged by the United Farmers of Alberta. In a recent interview Hon. Chas. Stewart, the premier, said that this year the tax rate will not be increased, but it certainly will not be wiped out, as the farmers would like, nor even reduced. Mr. Stewart points out that the need of the revenue continues quite as urgent as ever, and the likelihood is that the tax will remain in force for several years and may indeed be made permanent. The impression that this revenue is being raised ostensibly for patriotic purposes, the need of which has ceased to be, is quite in error, the premier states. The tax was put on for general purposes, of which a payment into the patriotic fund during the first year of its operation was but one item, and the proceeds, which go into the general revenue of the province, are now applied to various departments of the public treasury account.