

period have remained relatively stable, fluctuating between 11.8 p.c. and 12.8 p.c. of net national income and between 8.8 p.c. and 9.6 p.c. of gross national product; for the year ended Mar. 31, 1967, the values were 12.2 p.c. and 9.1 p.c., respectively.

The federal share of health and social welfare expenditures fell from 70.4 p.c. in 1960-61 to 60.7 p.c. in 1966-67, the provincial share rose from 26.4 p.c. to 36.9 p.c. and municipal outlays declined from 3.2 p.c. to 2.4 p.c. The relative federal declines in each of the three years since 1964-65 were caused to a substantial degree by increasing hospital expenditures by the provincial governments, augmented in the last two years by the effect of the 'opting out' arrangements made available to the provinces. Under the Established Programs (Interim Arrangements) Act, a province may opt out of federal-provincial programs, operate and finance these as provincial schemes and receive a tax abatement and an equalization payment from the Federal Government in lieu of a direct federal contribution to the program. This, of course, has the effect of showing an increase in provincial government expenditure while the federal fiscal payment is treated as a transfer payment. Thus, provincial expenditures include gross outlays by the Province of Quebec in respect of programs from which that province opted out, whereas the federal data do not include the large sums paid or transferred to that province under the Established Programs (Interim Arrangements) Act and other agreements. Compared with the previous year, 1965-66, health and social welfare expenditures by all levels of government increased by \$673,700,000 or 14 p.c. Although outlays by all governments increased, provincial expenditures showed the greatest gain. The proportion of government expenditures on health and social welfare taken up by health programs continues to grow; in 1960-61 such programs accounted for \$934,000,000 or 28 p.c. and in 1966-67 for \$2,041,000,000 or 38 p.c.

An outline of the principal components for 1966-67 shows the magnitude of the major programs and services—family allowances payments amounted to \$556,000,000, old age security payments to \$1,033,000,000 plus another \$40,000,000 for three months of the Guaranteed Income Supplement program which began on Jan. 1, 1967, unemployment insurance benefits to \$307,000,000, and veterans pensions and allowances to \$196,000,000 and \$104,000,000, respectively. These income-maintenance programs were entirely the responsibility of the Federal Government. In addition, payments under the youth allowances program, which commenced in September 1964, amounted to \$47,000,000 in 1966-67, excluding the Province of Quebec. That province had instituted a program of schooling allowances three years prior to the introduction of the federal program which necessitated a special arrangement whereby Quebec continued its program but with appropriate fiscal arrangements with the Federal Government.

Federal-provincial income-maintenance programs required expenditures of \$42,000,000 for old age assistance, \$4,600,000 for blindness allowances, \$29,500,000 for disabled persons allowances and \$260,000,000 for unemployment assistance, the latter including some municipal expenditures. Effective Apr. 1, 1965, Quebec withdrew from these federal-provincial programs under the Established Programs (Interim Arrangements) Act which entitled that province to a tax abatement as an equalization payment. Expenditures under the Canada Assistance Plan were estimated at \$60,000,000 in 1966-67. This program was designed to replace the Unemployment Assistance Act, although certain costs not covered by the Plan may continue to be paid under that Act. The Canada Assistance Plan may also replace the old age assistance, blind persons allowances and disabled persons allowances programs at the option of each province (pp. 332-333). Workmen's Compensation Boards spent \$160,000,000 on cash benefits for pensions and compensation. Welfare services for Indians and for veterans and the national employment service accounted for more than \$65,000,000 at the federal level.

In the field of health, federal grants to the provinces under the Hospital Insurance and Diagnostic Services Act totalled almost \$400,000,000 and grants for hospital construction and general health grants to the provinces and municipalities amounted to \$53,000,000. The Federal Government spent \$36,000,000 on its Indian and northern health services and \$55,000,000 on hospital and treatment services for veterans. Provincial expenditures