

DIVISION OF JURISDICTION

By Anthony Scott

Preface

This paper addresses one of the most important questions which lie

1. Introduction

In this paper, I develop the subject of the Canadian natural-resource  
revenues now collected by the tax authorities. Should it be possible to

institution whereby there may emerge inter-provincial pooling or sharing of natural-resource revenues, independent of today's federal-provincial grants system.

Whether such a procedure is an important precedent for further "regional" agreements and activities is not my theme. Most of my discussion must be devoted to an argument about the use of natural resources

for the 1970s have been rising again towards their level at the time of the Great War:

Fiscal 1976/7	12-15 percent
1979/80	24 percent

Of course, not every province gets as much as 25 percent (before federal grants) from natural resources. Alberta gets much more, and other provinces much less. As we shall see, the unequal distribuion of re-

\$600 per person in the Atlantic provinces. These equalization grants form as much as 20 percent of the main sources of revenue of the have-not provinces; in Newfoundland, for example, more than twice what she can collect from her own personal income tax. But this grant is not based on what anyone believes the Newfoundland treasury needs, or deserves, to provide services or transfers to Newfoundland.

Equalization is always costly, running to about \$7 of new federal taxes

tries, and just as railway freight rates are a tool of agricultural and locational policy, so manipulating resource revenues is an instrument



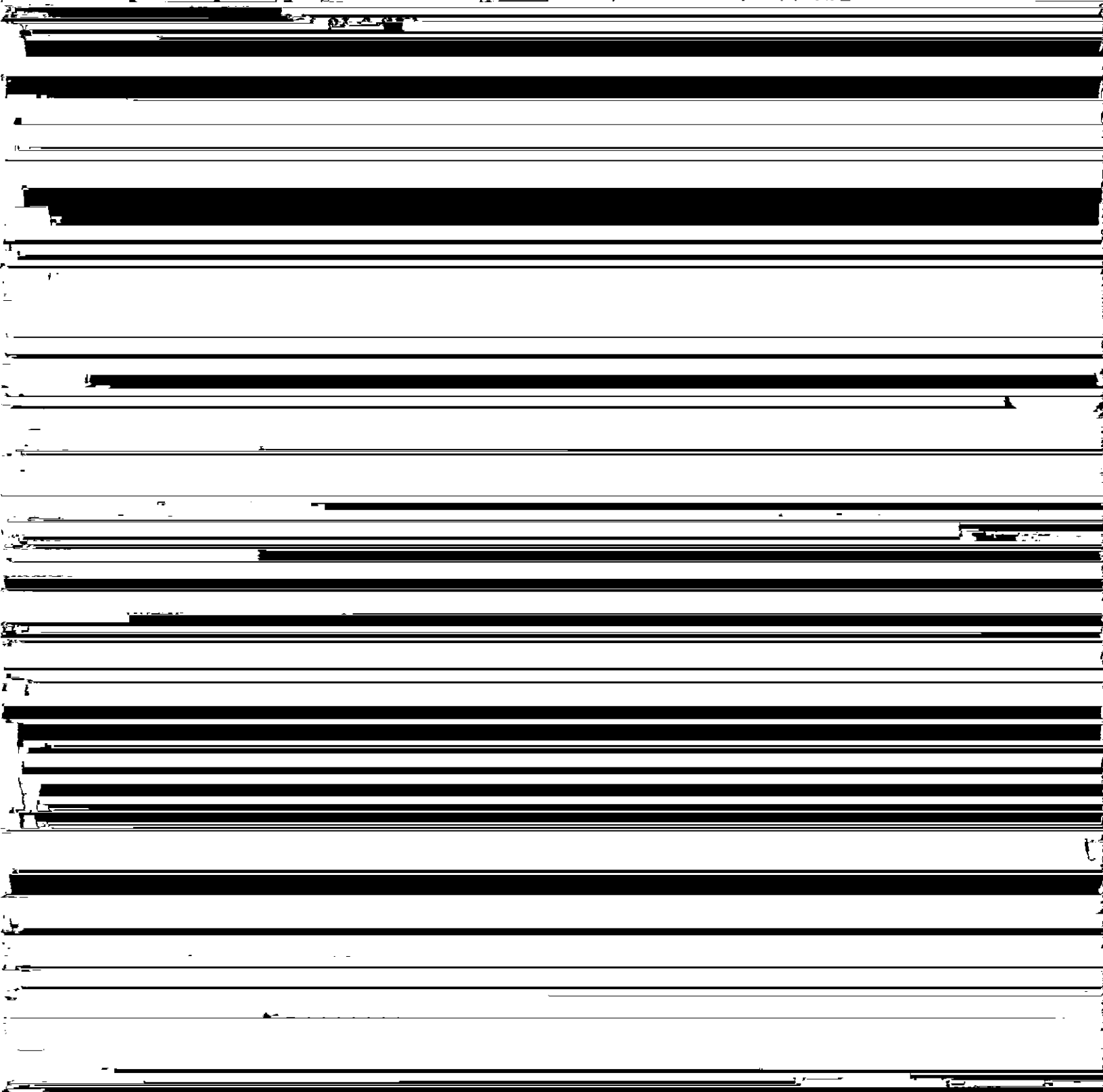
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In practice, rent finds its way in all three directions. The

Sixth, in addition to the visible rents from commercial energy, timber and mineral production, two other sources of rent must be con-

Non-national inter-provincial organization of this kind is all but unknown in North America, although it is a feature of complex European federations.

It involves giving an additional task to a new type of governmental institution proposed in several reports and studies of a new constitution





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Now the Bundesrat itself is not really a modern German institution but the lineal successor of a series of senior German houses reaching back to the need for German unification after the collapse of the Holy Roman Empire, and to the rise of Prussia as the leader among rulers of separate kingdoms and principalities. A traditional institution with such a complex background is unlikely to be ripe for transplantation to the Canadian context, without substantial modification, simplification and experiment.

Nevertheless, it is worthy of report that the Bundesrat, the German

Third, as a stick, Ottawa might threaten to impose an excise or income tax so heavy, that Alberta and every other province would find joining the pool, and thereafter becoming free of Ottawa's control, a more acceptable way of sharing the burden.





persuading the various provinces into sharing their current revenues;  
debating the funding versus the spending of the pooled resource revenues;

\*In preparing successive versions of this paper I have benefitted

Footnotes

1. See (75) (76) for earlier contributions

20. Forthcoming, 1980.
21. (32).
22. (8), p. 38.
23. (32), chapter 9.
24. On the Bundesrat and German institutions, see (4), (21), (23), (3), (27), (29), (14).
25. (14).
26. (22), p. 455.
27. op cit.

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