



**Canada:
The State of the
Federation 1997**



Non-



**Constitutional
Renewal**

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FOREWORD

This year's edition of *Canada: The State of the Federation* represents a departure from past editions in that it was conceived with the idea of providing an

the twelfth edition in this annual series.

As in the tradition with this series, this volume also provides a

12.



I

Overview



constitutional amendments. The purpose of this volume is to take stock of

he reported that he was elected to ...

7

[REDACTED]

At the same time, the following information is being provided:

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[REDACTED]

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They may have indeed as well that a period of federal fiscal weakness was a

[REDACTED]

POLICY EFFECTIVENESS

[REDACTED]

The priority attached to improving public finances included wealthier and

poorer provincial governments. The

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... the direction of the most recent

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explored via the EMFA. In the case of internal trade, there was much constructive work of a "nuts and bolts" nature going on but more might have been

... the fact that collaborative federations

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under review.

... of this meeting on any single

Canada. It did not address either of the two main issues raised in the

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a common office), it is reasonable as well to expect a clear delineation of exactly which government is responsible for what. Where that occurs, collaboration and disentanglement may be as much complementary activities as

is within the realm of possibility. In particular, the federal fiscal situation has

gains. Where there appears to be a public appetite for action, and Ottawa has the tools to act alone, the temptation to act unilaterally will be great.

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is substantial, especially in the area of income security. During the middle

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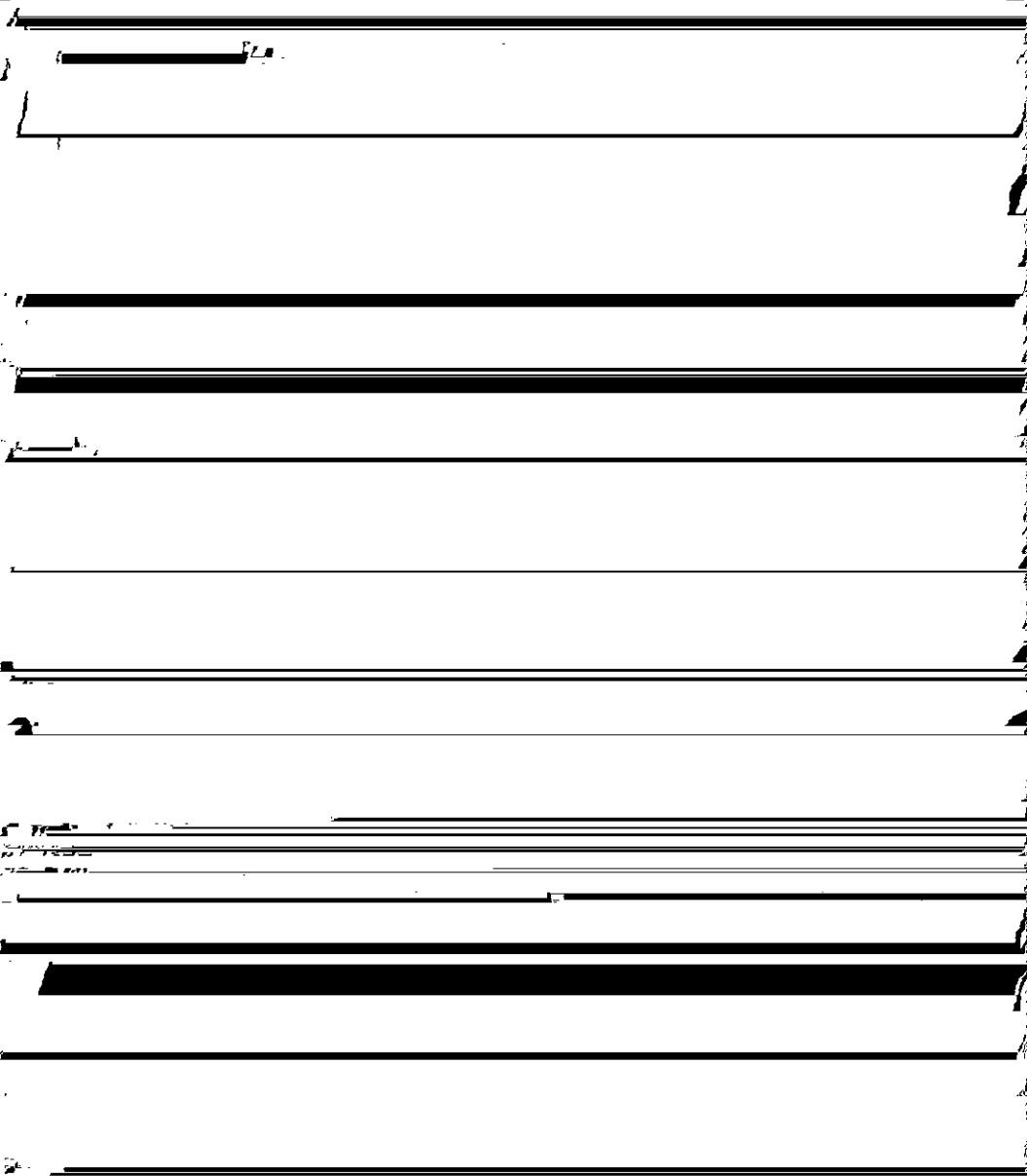
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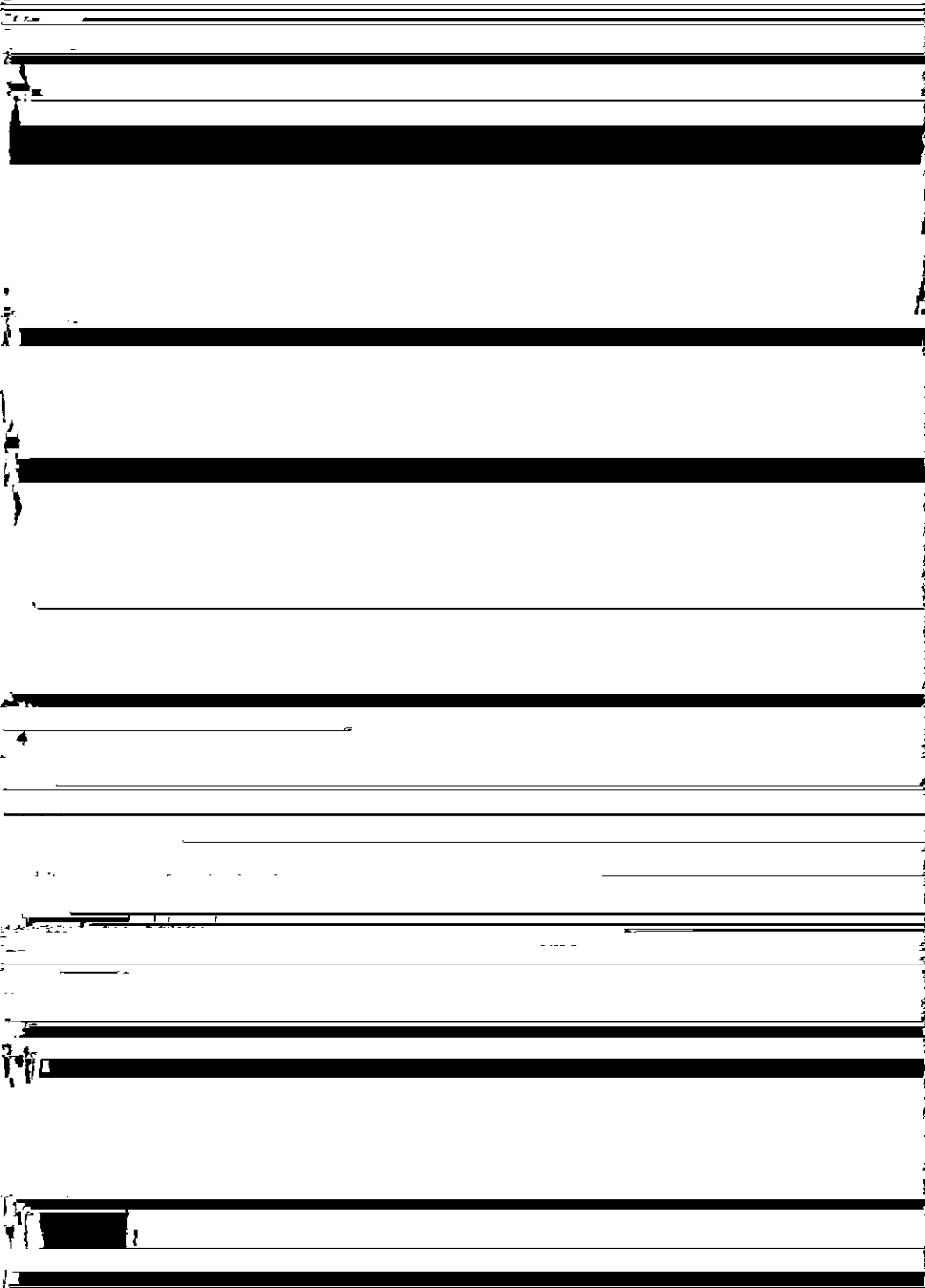
and two-thirds of the provinces representing two-thirds of the popula-

Figure 2: Instrumental Definition in the Past (C. 1911)



THE SOCIAL UNION AND SOCIAL POLICY VALUES

The strongest case for the postwar social union can be made in terms of social policy values. The pan-Canadian dimensions of the postwar social union con-

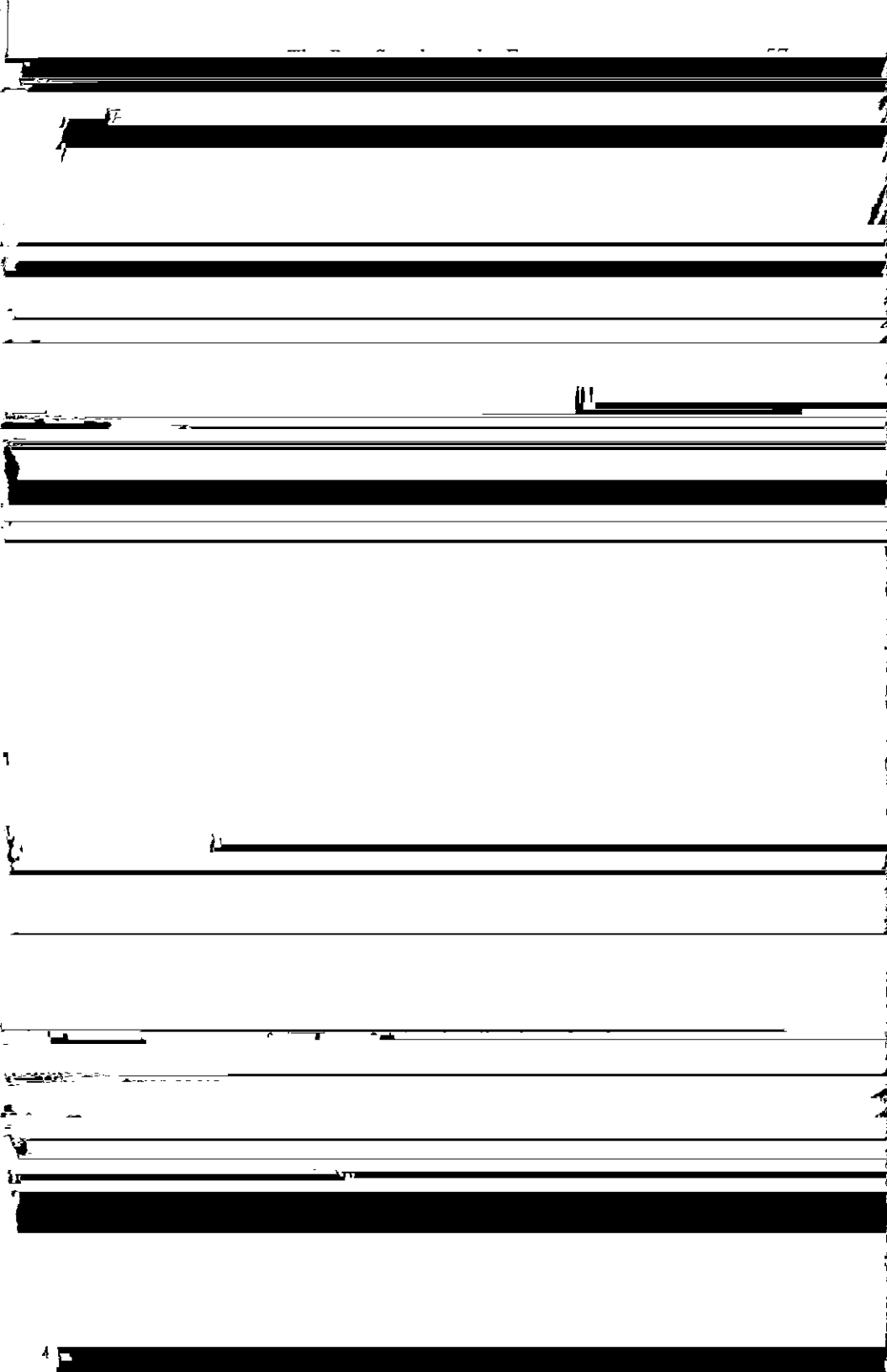


Mothers' Allowances
1942

Blind Pensions
1938

Old Age Pensions
1938 1949

holy grail throughout the postwar period. Citizens faced a maze of programs offered by federal, provincial, and sometimes municipal agencies and as



Although these democratic tensions appear in the cooperative model of federalism, they are accentuated in the model of formal or deterministic federalism.

secularization of Quebec society in the 1950s; and public opinion data pro-

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In comparison to its contribution to social policy values, the postwar social

in terms of the relative effectiveness of different levels of government. For example, advocates of decentralization often argue in terms of the greater flexibility of the system, with regional governments serving as sources of

the federal government's Ottawa's financial institution...

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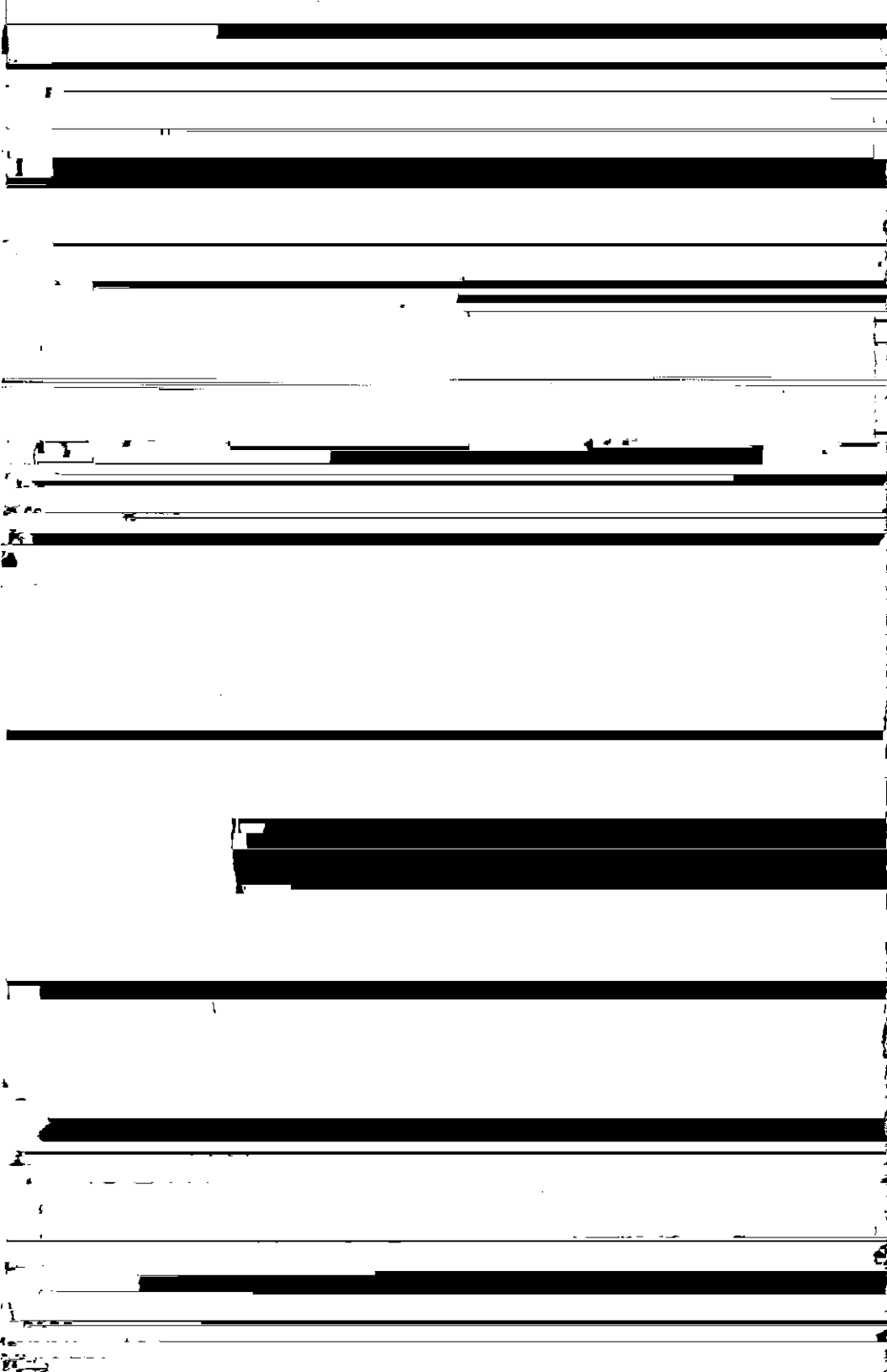
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Canada, Federal Provincial Contacts and the Stranding of Provincial Work

On the Moral Responsibility of the Individual (Theological Implications of the ...)

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36. Ibid., vol. 2, pp. 288-94.



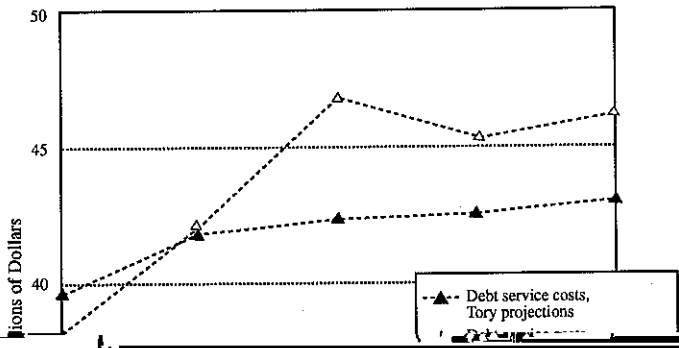
INTRODUCTION

From the beginning of civilized discourse people have disagreed, often pas-

Take as example the economic boom in the late 1980s. Both the federal and provincial governments — here the Liberal government at Queen's Park was the prime culprit — should have dampened aggregate demand by aggressive fiscal restraint. Had this occurred, inflation would probably not have increased in the final years of the decade, and the case for restrictive monetary policy would have been less convincing. Far from assessing the possibility of renewed inflation, the federal Liberals concentrated their provincial efforts on

The final document in this kaleidoscope is the actual 1995-96 budget, with its suitably sober dark grey cover.¹³ The budget reduced by a quarter inter-governmental transfers and transformed all remaining...

Figure 1.2: Overcoming Debt Denial, Debt-Service Costs



The sceptic's response to Lord Atkin's "watertight compartments" doctrine is to ask: Are contemporary elected governments — in particular provincial governments — worthy of such trust? Sceptics worry that allocation of par-

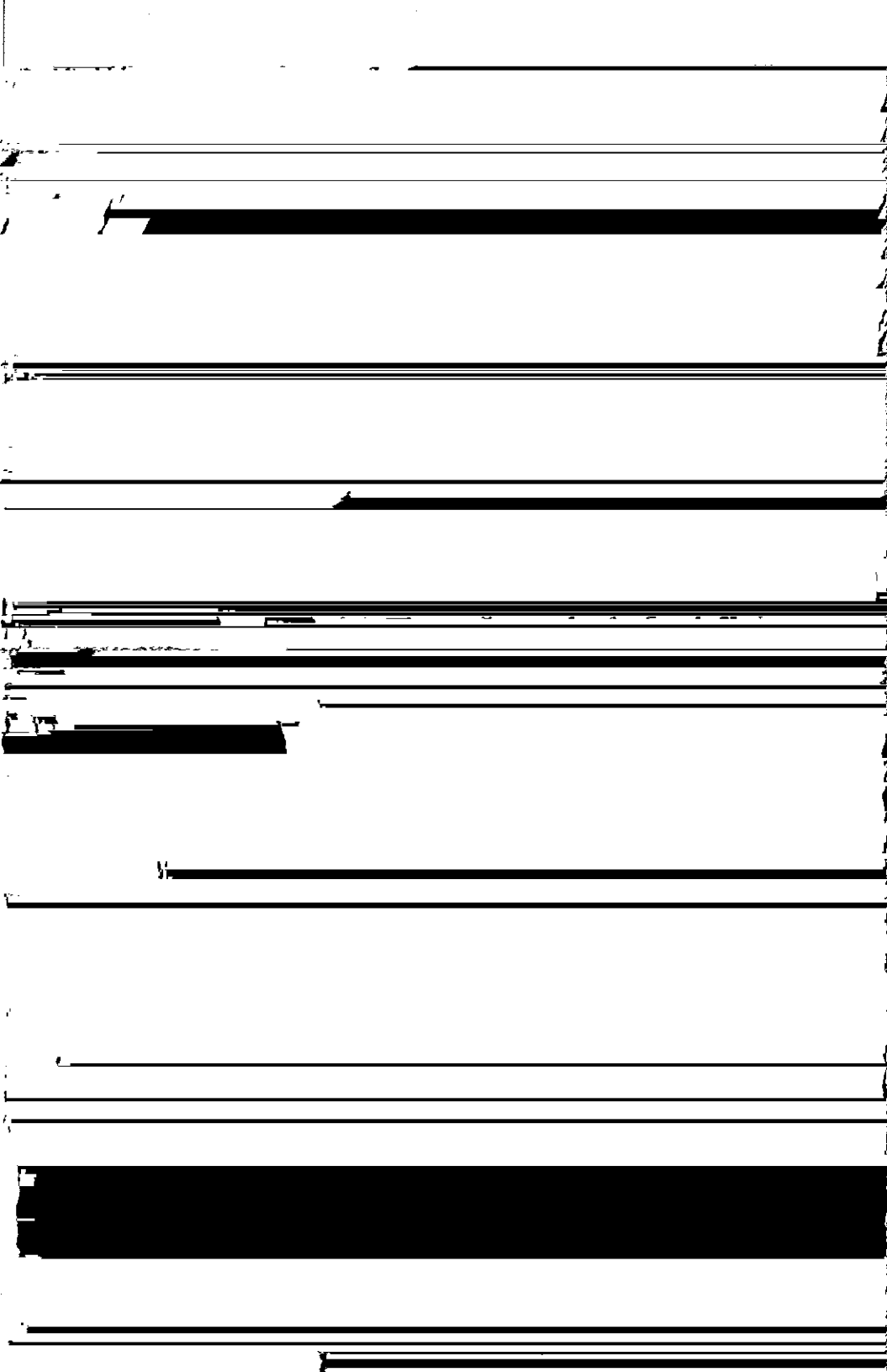
the case of recalcitrance. The high point of American social policy innovation came in the 1960s, at the time of President Johnson's War on Poverty.

Indeniably, there have been successes. The courts played the lead role in

... to ... On the left, the government faced

[REDACTED]

The case of medicare in Saskatchewan illustrates nicely the value of strict accountability; the freedom of a duly elected government to introduce and



obfuscate accountability for its conduct of social assistance programs. To be

[REDACTED]

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the ongoing tough trade-offs required to run a successful welfare state. Realistic

social programs entail complex administration and in such cases provincial

will agree to a clean exercise in decentralization. This may take the form of



WHAT ABOUT THE CHST?

Phasing out the CHST is not a goal that is unanimously shared. Here is the case for doing so. By reducing the size of intergovernmental cash grants and removing conditions, the 1995 CHST reform implied acceptance by Ottawa of the value of clearer program accountability. Relative to the former regime

decade will be to lower the public sector compensation advantage.⁴² The provinces spend a much higher share of their program dollars on salaries than

does Ottawa. Accordingly, the provinces have a much greater potential than Ottawa to realize savings from better control over the public sector payroll. It

...state matters ... controversial. The majority of

15. Canada, Department of Finance. *Budget Plan* (Ottawa: Department of Finance, [redacted])

16. Ibid. p. 44

Columbia explains most of that Province's 30 percent normalized caseload increase between 1991 and 1995. The BC regression used the above two variables

to capture the effect of relaxation of the adminis-

[REDACTED]

38 Some provinces — Saskatchewan is the one with which I am most familiar

The uncertainty surrounding this question is not surprising. The Canadian

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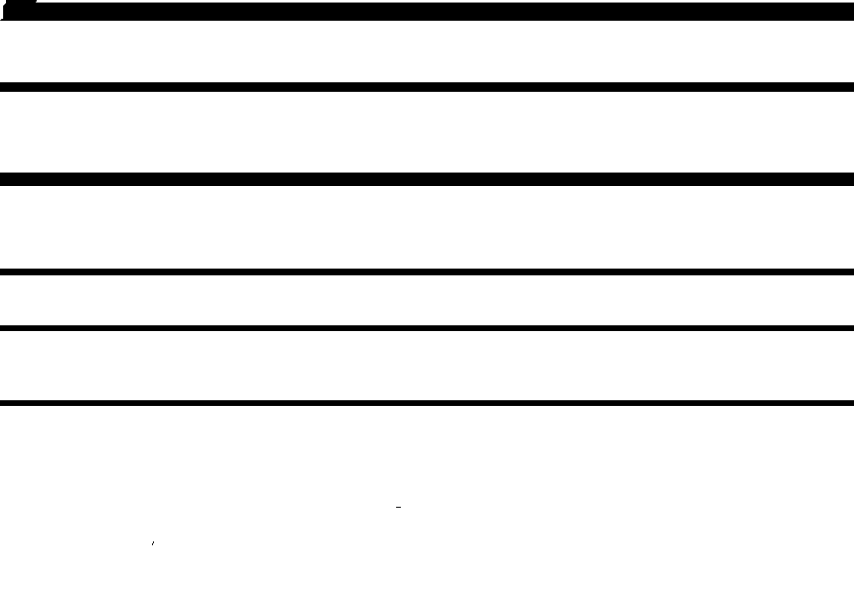
what Canadians want. We will continue to improve the capacity of governments to collaborate.⁴

How long will these influences last? And

government have a substantial measure of the *de jure* and *de facto* independence in the exercise of their constitutional powers (i.e., we have mutual

distinction between these models is that under

Figure 1 *A Framework for Managing Changes in Federal Strategy*



But when the CHST was enacted, it was the federal government alone that

United States Code, Title 44, Chapter 44 (CHSA) and the

budget. The positioning of CHST is our interpretation of the extent to which the federal government has moved in the direction of collaboration. In terms

Unemployment insurance is a federal responsibility under the constitutional

“service needs determination,” employment counselling, and labour exchange

development from the viewpoint of clients' interests. First, since individual

business and employers seeking workers may wish to pursue their search

Figure 3: Changes in Federal Strategy Relating to Sectoral Policy, 1993-1997

1 POLICY



Government and they call for a "joint administrative mechanism to interpret the

in the income of these welfare families but, at the same time, a substantial

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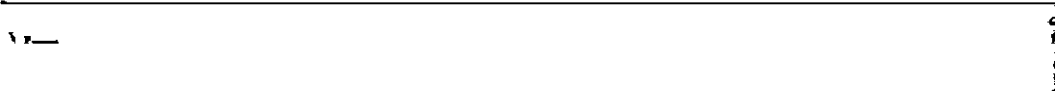






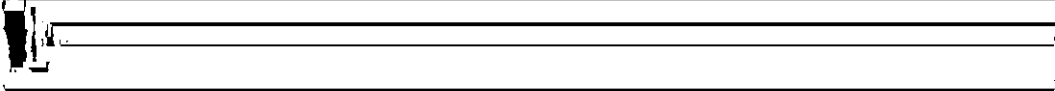


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measures that will measure the National Child Benefit's success in achieving its objectives" and incorporating those outcomes into public reports to ensure



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[REDACTED]

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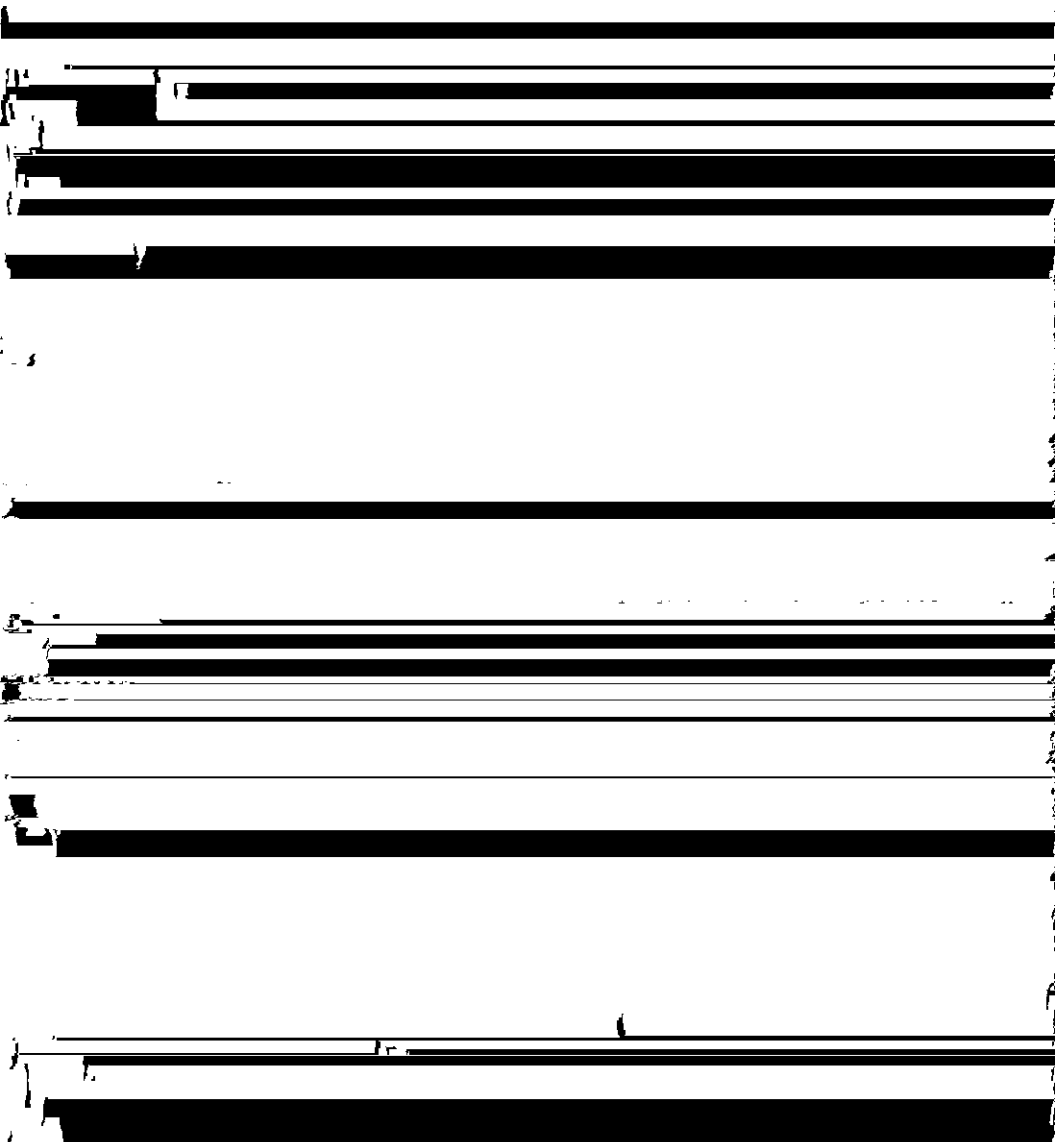
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perhaps by acting jointly to reduce work disincentives, improve information-sharing and encourage some joint activity (e.g., assessment of disability) rather than attempting a "big-bang" single integrated program.



IS MORE COLLABORATION DESIRABLE?

— the trade-offs — in determining its position on the future course for the
relationship. If the Christian government were to follow the words of its own



that there is a consensus to limit the spending power, as noted above, is an

otherwise be the case. The habit of policy collaboration is a constraint on any

tion may be far enough or even too far; and that half-way point may be

1

NOTES

...and ... from ... to ... in the ... of ... and ... of ...

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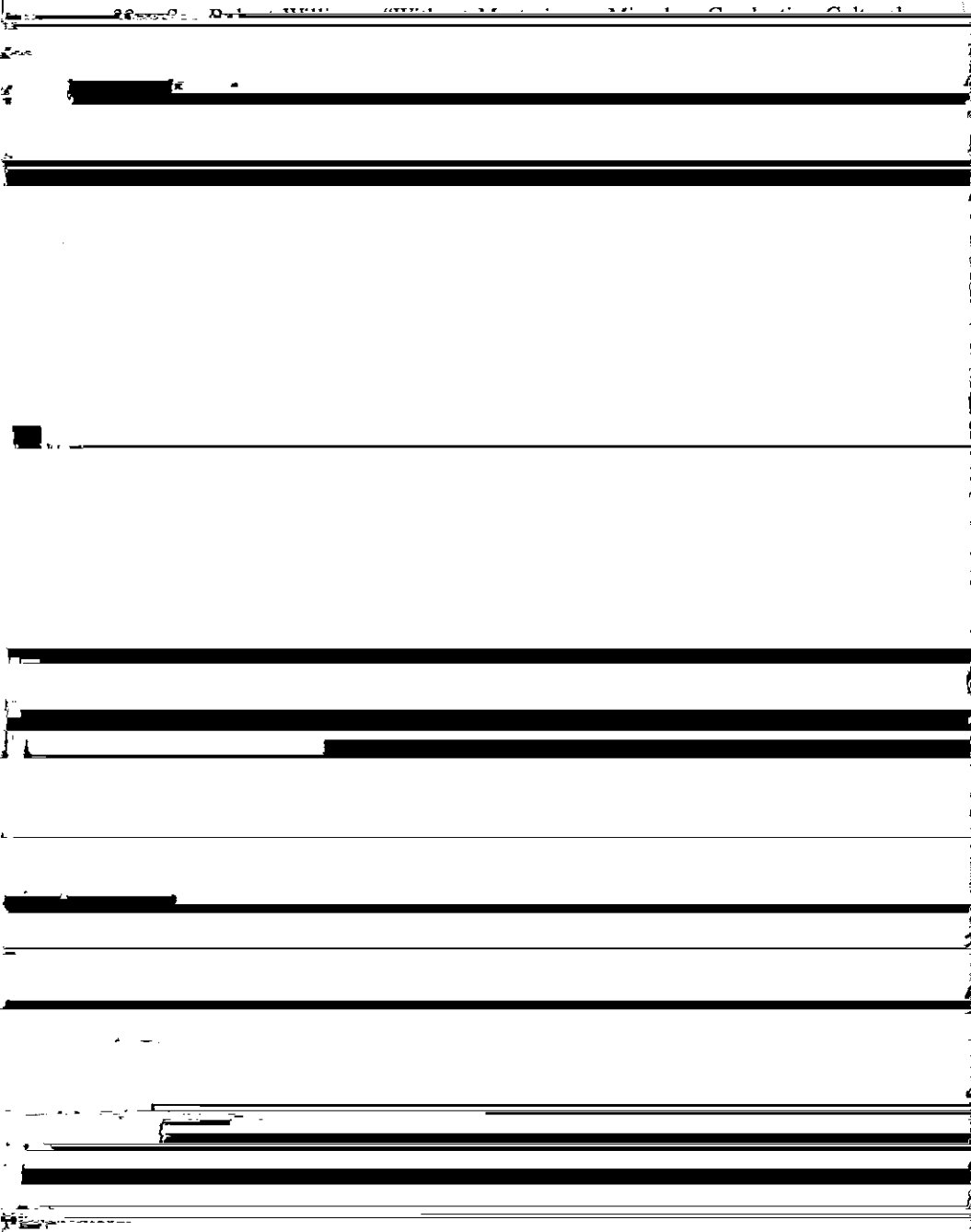
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20 This possibility is hinted at in the final report of the National Forum on Health.

31. The 1997 Ontario budget indicates that Ontario will implement a new child-care tax credit as a part of its commitment to the new intergovernmental agreements.
32. Richards, "Reducing the Muddle in the Middle."



This proposal was rejected by nine of ten provinces because it placed unac-

Internal Trade approved three *Principles to Enhance Internal Trade in Canada* and a moratorium on new barriers.

By December 1992, as noted, the constitutional route had failed completely with the negative response to the referendum on the Charlottetown Accord. However, this result seemed to reinvigorate the non-constitutional process of internal trade negotiations, perhaps because public opposition to the

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federal government system. Some of the protests were resolved or unheld, some

34 ... level marketing and local

The Agreement on Internal Trade includes a Code of Conduct on Trade

looking into the province's acquisition of 900 United Postal Service jobs last year." *The Financial Post* reported that: "[The] B.C. Industry Minister [said]

... of the [internat] trade deal to his cabinet

across Canada have been reduced. However, the fragmented structure for developing and applying standards and qualifications remains. Mobility for Canadians is guaranteed by section 6 of the *Canadian Charter of Rights and*

right to practise their trade or profession because they have come from an-

and currency in practice, she qualified to be licensed under a

...the industry in Canada. The industry has been deregulating

Persons, Agriculture, Environment, Commerce, Labor, and Health, Education, and the Environment

operate independently of the Committee on Internal Trade. The internal trade

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The Internal Trade Secretariat has a restricted budget. During negotiations, some governments were clear that they would provide only limited resources

... of time and probably a minimum of two or three months even

15. Articles 1802: Aboriginal Peoples.

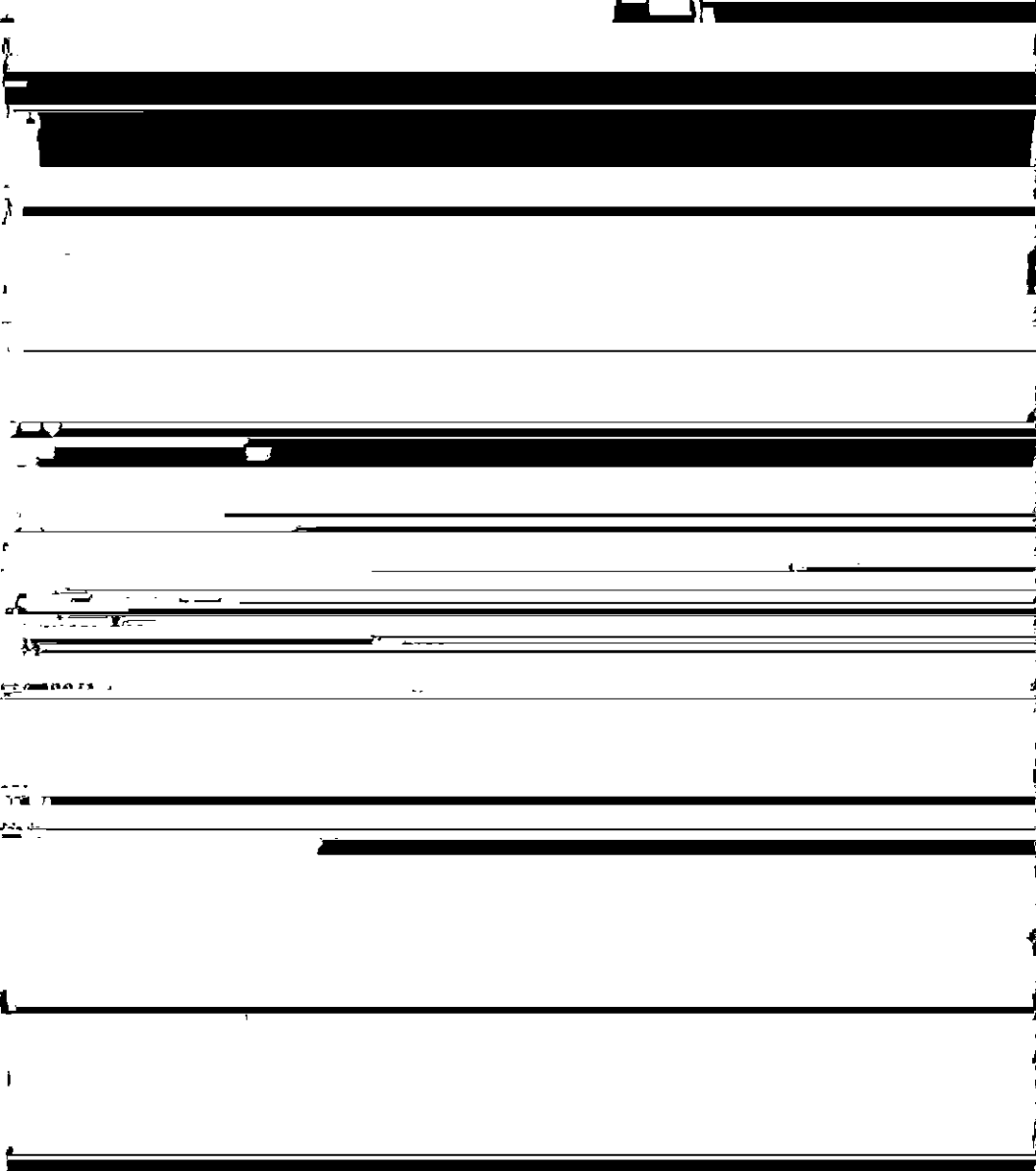
Within a political union, negative integration is all the more valuable in that it allows the benefits of both income gains and reduced risk to take place within an institutional structure that allows for a

NON-DISCRIMINATION IN THE AIT: COMMITMENTS AND
RECORD TO DATE

Table 1. Commitments to non-discrimination in the AIT by country of origin, 1980-1990

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The AIT also contains transparency provisions, which are very much complementary to the non-discrimination requirements, because they allow



show, in summary form, the specific steps undertaken by governments toward

sector, and state monopolies involved in the transformation and distribution of goods and services" in particular a number of publicly-owned electric utili-

and our recommendations are to be presented to the CIT for inclusion in the

[REDACTED]

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Investment

addition, compliance with the AIT may be suspended for a period of six months

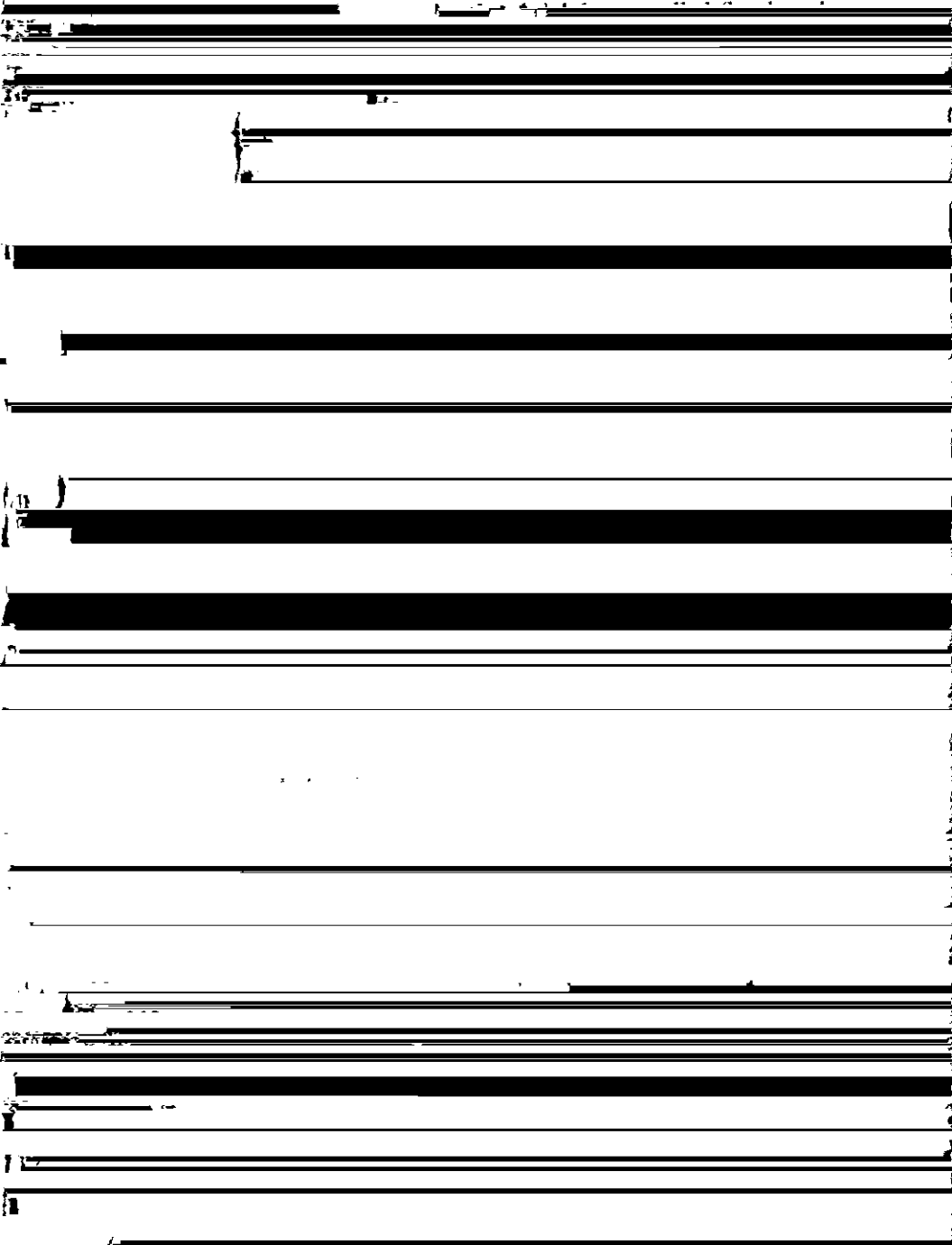


Table 3: Non-Discrimination in Occupational Standards and Requirements, Status of Steps to be Taken under AIT

<i>Measure</i>	<i>Completed</i>	<i>Progress/Partial</i>	<i>Not Done</i>
Framework to list and review all	Framework		

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complaining provinces are expected to make use of the specific procedures

[REDACTED]

assumes. Therefore, the numbers I will cite below need to be

judgement yet — they certainly have had a very limited impact on reforming measures affecting internal trade. The fact that disputes involving the prov-

model used to complete the Single European market, that is, use a qualified majority voting procedure to decide on specific technical measures to implement the goals *which have already been unanimously*

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