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Empower the People, Not the Provinces

The Canadian Council of Chief Executives issued a report at the time of the Turin Olympics entitled "From Bronze to Gold," setting out its list of steps for making Canada a medal-winner. Among other things, the Council recommended that we "empower the provinces" by eliminating the federal transfers for health and social services and shifting tax room to the provinces. The Chief Executives proposed that the federal government "hand the GST to the provinces" so that the provinces have a stable and growing source of revenue to pay for the social programs they deliver. According to the Council, this would also encourage the federal government "to focus on its core responsibilities instead of continuously looking for ways to intrude in provincial jurisdiction."

But if tax points are transferred to the provinces, what will ensure that we have a social union? What will ensure that every province provides essential social programs that are of reasonable quality, as the Constitution requires? That all Canadians have adequate food, shelter and access to child care? That we have programs and services to rely on when we are ill, old, disabled, or trying to escape domestic violence? The tax point shift, if partnered with nothing else, will balkanize Canadian social policy, putting in place the conditions for a race to the bottom and a further shredding of the social-safety net. Women and men living under a Mike Harris regime in Ontario, or under the current Gordon Campbell regime in British Columbia, have already learned that — especially for those who have low incomes — more, not fewer, constraints on provincial dismantling of basic social programs should be in place.

The social union is in trouble now because the Conservatives in Mulroney's era, and the Liberals after them, diminished the capacity of the federal government to make sure that a coherent and adequate level of social services was provided across the country. Now, the business elite proposes to deconstruct Canada's social union entirely.

Transfers Without Accountability

How did we get to this point? Over the last two decades, governments of all stripes have eroded Canada's social programs. Perhaps the biggest blow was Paul Martin's stealth attack in the 1995 budget, disguised as a claim that government had to be made small to deal with the deficit. He slashed the amount of the transfer payments to the provinces, repealed the Canada Assistance Plan (CAP) Act and created the Canada Health and Social Transfer (CHST), a block transfer with no spending designations attached. Under the CHST, standards for social assistance and social services provided under CAP were abandoned. Only those imposed under the Canada Health Act remain.

The premiers were not happy about the cuts to transfer payments, which left them cash-starved — but they were happy about getting rid of the conditions attached to CAP, particularly the requirement that provinces in exchange for cost-sharing provide social assistance to all persons in need. The premiers claimed that the removal of the CAP standards for social assistance, and the designation of which social services would be cost-shared, would allow greater "flexibility" and "innovation" in social programs. Significantly, however, this is not what we have seen. Instead, welfare rates have fallen to Levels that the National Council of Welfare calls "cruel"; eligibility rules have been tightened, leaving many who need welfare unable to get it; and homelessness and the use of food banks have seen big increases.

The premiers were also happy about having a block transfer that they could spend on anything. Though ostensibly the CHST was allotted to the provinces to support health, post-secondary education, social assistance and social services, it was in fact an undesignated fund, transferred to the provinces without any requirements for accountability to the federal government or the public.

There is no reason, with respect to social policy, to argue that the federal government is "good" and the provinces are "bad," or vice versa, since both have contributed to the erosion of social programs. But there is a pragmatic point about the role of the federal government. In the history of Canada, we have had no intergovernmental machinery for ensuring that there is a social union, or that its terms are met, other than conditioned federal transfers of money to the provinces for social programs. And, over time, the provinces have certainly not demonstrated that, left to themselves, they have the will or the ability to design and deliver an effective social union.

So, it appears certain that transferring tax points to the provinces will leave a socialpolicy vacuum. If the provinces have more tax room, what ensures that they will spend their increased revenues on social programs and services? Nor is there any guarantee of basic consistency from one province to the next. Collectively the federal, provincial and territorial governments will not have the administrative or fiscal machinery to meet their joint constitutional responsibilities to provide equal and adequate social programs across all regions. For women, who rely on strong social programs because they are the building blocks of our equality, this is a particularly threatening spectre.

Making Social Policy About People

Transferring tax points is not only a proposal of the Chief Executives; it is also what the Conservative party wants to do. Getting the federal government out of social policy and shrinking government involvement in social programs is its desired trajectory. In a supplementary opinion attached to the Standing Committee on Finance's Report on Canada's Fiscal Imbalance, released in June, 2005, the Conservative Party recommended that the federal government review all tax fields and transfer mechanisms, and "consider transferring an appropriate level of income tax points to the provinces."

But if we want to keep a social union then instead of transferring tax points the system of federal transfers should be reinvigorated and redesigned, providing increased, stable revenues to the provinces with designations for expenditures and conditions attached and with real systems of accountability and consultation between levels of government and citizens. Most Canadians don't care who collects the money and who spends it. We do care about the quality and stability of our health care, post-secondary and social welfare programs.

The group that needs to be empowered in Canada is the people, not the provinces. Over the last decade, in particular, the development of social policy has disappeared from public view. Important details of our social union — our shared social and economic citizenship — have been decided behind closed doors by first ministers, or ministers responsible for social services. These (mostly) men and their officials have made deals (intergovernmental agreements) that never — either in their formulation or cancellation — see the light of day in Parliament or legislatures. This means that the people who live in Canada don't have much of a say about social policy anymore. Our MPS and MLAS don't have much of a say, either. Social policy is about money changing hands between the prime minister and premiers, with little accountability to the public for the design or quality of services provided, or even for the expenditure of the money.

Social programs and services are for and about people, not governments. We do not need to empower the provinces, but to make governments accountable to us for the adequacy and effectiveness of social programs. Fiscal arrangements are intended to serve the interests of Canadian women, men and children in adequate social programs and services in every jurisdiction, not merely the territorially competitive interests of our governments.

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By Shelagh Day
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