

Social Policy Before the Next Referendum

This is the referendum in which the seemingly impossible happened: Both sides lost. The *Qui* side lost because it did not get 50 percent plus one of the vote. The *Non* side lost because it pulled through by only the narrowest of margins. No one can doubt that Quebec wants change and that change must be made if the break-up of Canada is to be prevented. But what changes will be needed to persuade a larger majority of Quebecers to vote for Canada the next time?

The federal government is now reportedly planning to recognize Quebec as a distinct society. As well, it now appears prepared to give Quebec a veto over Constitutional amendments that affect the province's powers or the institutions of government.

In social policy, the first response has been to call for greater decentralization and the ceding of more federal responsibility to the provinces. This is exactly what we have been doing since the election of the Mulroney government in 1984. Trudeau's vision was of a united Canada in which Quebecers would work towards changing Canada. Mulroney's was of a loosely-federated grouping of powerful provinces, sharing little. It is Mulroney's vision that we have been pursuing for the last decade. But, far from convincing an increasing number of Quebecers to vote for Canada, decentralization has coincided with the rise of the Bloc Quebecois and a huge shift of the Francophone vote towards sovereignty.

Through the introduction of the Canada Health and Social Transfer (CHST), Ottawa has just initiated what is perhaps its largest ever retreat from the exercise of federal powers. It is abandoning its crucial role in providing financial support and at least a few conditions for provincial welfare programs. And if the cash paid by the CHST continues to decline, the federal government also will soon relinquish its capacity to enforce the conditions of the Canada Health Act, effectively exiting from any role in medicare as well. Not surprisingly, this development was not even mentioned by federalists during the campaign.

In their rush to use the results of the referendum to bolster their cause, the decentralizers are failing to pay attention to what actually appealed to Quebecers during the referendum campaign. In fact, rather than being a support for the *Non* side,

This put the *Non* side on the defensive. The Prime Minister had to go on national TV to promise not to reduce federal old age pensions. He also told Canadians that we are a country that protects our most vulnerable citizens. But his government cancelled the Canada Assistance Plan, which had supported welfare and social services to needy Canadians for the last 30 years. Now, the provinces are on their own. However, this was so far from being a plus for the *Non* campaign that the Prime Minister could not even acknowledge it.

If the Canada Health and Social Transfer and all the rest were such a flop in this campaign, why would anyone think such decentralizing moves would be the big winner for the next referendum? While leaders and elites may talk of more power for provinces, it is hard to see how the average Quebecer would be more likely to support Canada if, for example, Ottawa were to abandon the Canada Health Act and hand old age pensions and Unemployment Insurance over to the provinces. The lesson of this referendum is that more decentralization will be no more popular and important in the next referendum than the decentralization to date proved to be in this one.

Of course, there is a hard core who support a separate Quebec in principle and will be more concerned about which government is responsible for a program than the actual program itself. But there is another large group of Quebecers who supported sovereignty primarily because of their vision of the type of Quebec in which they want to live. It was these voters to whom Bouchard and Parizeau appealed with their talk of rejecting the right-wing agenda emerging in other parts of Canada. In the campaign, Ontario Premier Mike Harris' \$90 a month food budget for single welfare recipients became a selling point for the *Qui*.

In social policy, there has been too much sloganeering and too little careful examination of the way to set up the best, most efficient programs. Caledon does not believe it is reasonable to present Canadians with a stark choice between decentralization and centralization. In some programs, decentralization makes a lot of sense; in others, it is better that they be centralized; and for some, it is best that responsibility be shared between both levels of government.

Human resource centres, training and other employment development programs are an example of one area which should be decentralized. These activities are now undertaken by both the provinces and the federal government, with many overlapping responsibilities and much duplication of effort. Clearly, this is an area over-ripe for rationalization.

A cynic might argue that had labour market policy not become caught up in the debate about federalism and the Constitution, it would have been reformed long ago. With the provinces responsible for most field-level programs and for all of education, it makes sense for this whole area to become a provincial responsibility. However, there are many difficult details that need to be worked out – notably, the relationship to Unemployment Insurance, the provisions for funding and the need for mechanisms of interprovincial coordination of resources and training standards. It is time to get to work on these details, sort out the issues and set up a more efficient and responsive human resource and training system. This requires planning and cooperation by people knowledgeable about training, not Constitutional lawyers.

Unemployment Insurance itself is an example of a program that should remain national in scope. The federal government is ultimately responsible for macroeconomic policy and must assume the fallout when it fails to create full employment. The Unemployment Insurance program allows the burden of unemployment to be shared among all the provinces and therefore all the citizens of Canada. It also permits Canadians to search for jobs from coast to coast, without fear of losing their entitlements. Quebec, like other provinces with higher than average unemployment rates, gets a large net benefit from Unemployment Insurance. Regardless of what governments might say, there should be little doubt that any attempt to decentralize Unemployment Insurance would weaken the people of Quebec's attachment to Canada.

As a final example, Canada's universal medicare system is a program in which both orders of government should remain involved. Through the Canada Health Act, the federal government sets out broad principles for provinces to follow. Within these principles, provinces are free to run their own health care systems as they see fit. The Canada Health Act has preserved universal medicare for all Canadians. It is popular in Quebec, as it is in the rest of Canada.

According to the *Canada Health Monitor*,¹ support for the five principles of medicare averaged 79 percent in Quebec, about the same as the 80 percent support in Ontario. When asked whether there should be national principles like those in the Canada Health Act or should each province have its own health care principles, in both Quebec and the Atlantic provinces 62 percent felt it should be national. This is a little less than the rest of the country. Finally, when asked whether Ottawa should enforce the principles of medicare by withholding payments from provinces that do not meet the five principles in the Canada Health Act, there was 65 percent support in Quebec, somewhat more than the 55 percent support in Ontario. Quebeckers, like other Canadians, attach great importance to our system of universal medicare and want both the federal and provincial government to plan a role in preserving it. Strict enforcement of the principles of the Canada Health Act to preserve universal medicare, backed up by continued federal funding, can be an argument for federalism in the next referendum.

The social policy alternative which will help win the next referendum is to return to building decent social programs together as a nation. This does not require the same programs in every province. Pragmatic and resourceful Canadians can continue to find ways to maintain national programs which allow for some diversity. In fact, this is the strength of federalism. It allows us the luxury of choosing the most efficient and logical jurisdiction to run a

program, and sometimes citizens do best when both levels of government are involved.

The way to win the next referendum is not through the strategy that helped to almost lose this referendum. Continued demolition of our social programs will not persuade anyone to vote for Canada. Caledon supports a renewed commitment to real reform – meaning better, more efficient and more effective social programs – as a step towards a positive result for Canada the next time around.

Michael Mendelson Senior Scholar

Endnote

1. Berger, Earl. (1995). *The Canada Health Monitor Survey*, #12. Overview Report. Toronto: Price Waterhouse, March - June.

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1600 Scott Street, Suite 620
Ottawa, Ontario, Canada
K1Y 4N7
phone: (613) 729-3340 fax: (613) 729-3896
e-mail: caledon@caledoninst.org