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NEWS RELEASE

Upcoming Health Summit a “Defining Moment” for Federal-Provincial Relations, Says IRPP Working Paper

Provincial pharmacare proposal should be “welcomed” by Ottawa

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Research on
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Montreal – The Institute for Research on Public Policy (IRPP.org) today released a working paper by Thomas J. Courchene entitled “The Changing Nature of Quebec-Canada Relations: From the 1980 Referendum to the Summit of the Canadas”.

The author, Senior Scholar at the IRPP and professor in the School of Policy Studies at Queen’s University, concludes that much more than the future of medicare is at stake at the health summit. Vertical fiscal imbalance, equalization, Quebec’s distinctive status, and the division of constitutional powers are all on the table, and the results of this “summit of the Canadas” will have far-reaching implications for Canadian federalism.

Courchene notes that the rising importance of education and human capital in the information era and their role in societal competitiveness and social cohesion mean that provincial powers will increasingly be the source of meaningful sovereignty in the 21st century. The result has been that Quebec’s rallying cry within Canada has shifted away from demanding more powers and toward seeking adequate revenues to exercise its *existing* powers.

This, writes Courchene, has catapulted the fiscal imbalance issue to the fore in Quebec and indeed in all provinces since they are cash-starved because of the demands of medicare. Hence addressing fiscal imbalance has become the top priority of the recently-minted Council of the Federation. But Ottawa also wants to play a larger role in these provincial policy areas since competitiveness and cohesion are of obvious national interest as well. This is the spending-power and jurisdictional battle that is being waged under the health-care banner.

The author also highlights another significant transformation: the provinces have jettisoned “symmetric federalism” in proposing that pharmacare be “uploaded” to Ottawa while Quebec would be allowed to opt out with compensation. This creative initiative harkens back to the CPP/QPP arrangements where opting out served the interests of Quebec and the rest of Canada alike.

Courchene argues that Ottawa should welcome the provincial pharmacare proposal. Not only does it increase Ottawa’s flexibility in negotiating with the provinces, such as bargaining over what population groups (elderly, kids and elderly, all) and what coverage (income-tested, co-payments, catastrophic) might be part of a package, but it also provides

the federal government with a legitimate role in health care so that monies spent are effectively in its own jurisdiction.

If Ottawa attempts to ram through its own health proposal, replete with detailed conditions and the requirement that the provinces mount new programs with unfunded mandates, the result could be to put much more at risk than just the future of medicare. Courchene notes that such an outcome may cause Quebecers to abandon their current course of aspiring to nationhood within the framework of the Canadian state, with consequences all too familiar.

“The Changing Nature of Quebec-Canada Relations: From the 1980 Referendum to the Summit of the Canadas” is the latest study to be released in the IRPP’s Working Paper series. It is now available on-line in Adobe (.pdf) format on the Institute’s Web site (www.irpp.org).

For more information or to request an interview, please contact the IRPP.

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