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NEWS RELEASE

Scope of the spending power remains unresolved

Longstanding attempts to restrict federal spending power unsuccessful

Montreal – In the 2007 Speech from the Throne, Prime Minister Stephen Harper's government promised to introduce legislation to place limits on the use of the federal spending power for new shared-cost programs in areas of exclusive provincial jurisdiction. However, the government did not introduce legislation before the 2008 election was called, and the issue of restricting the spending power is likely to remain unresolved for some time yet, according to a new publication from the Institute for Research on Public Policy.

This special edition of *IRPP Policy Matters* consists of two studies: "The Spending Power Revisited: Can Open Federalism Bridge the Divide Between Quebec and the Rest of Canada," by Hamish Telford, and "The Spending Power and Federal Social Policy Leadership: A Prospective View," by Peter Graefe, as well as a report by Keith Banting summarizing the discussions at the IRPP-sponsored round table of experts and practitioners on this issue.

In his study, Telford explores two options: a constitutionally entrenched "social charter" that would promote universality of citizenship, a concept many Canadians value, without extensive use of the spending power by the federal government; and an intergovernmental agreement under which Quebec could opt out of shared-cost social programs with unconditional compensation. He is not optimistic that either option will be embraced in the foreseeable future.

As Peter Graefe notes in his study, some Quebec nationalists still find federal social policy initiatives too intrusive, while centralists claim that the federal government has lost much of the influence it needs. Intergovernmental processes could be adapted in light of these criticisms, according to Graefe, who suggests implementing additional program asymmetry for Quebec and more effective forums in which governments can share agendas and innovations.

"Finding a magic formula that would contribute to reconciliation in the country as a whole remains a formidable challenge," says author Keith Banting.

"Defining the Federal Government's Role in Social Policy: The Spending Power and Other Instruments," can be downloaded free of charge from www.irpp.org.

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