

Why nobody's likely to win a federal-provincial turf war in a pandemic^[1]

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EXCERPTS

On Thursday — a day after a throne speech vowed to take action on pharmacare, long-term care and child care — Conservative House leader Gerard Deltell stood in the House of Commons and accused the Liberal government of "setting the stage for fights with the provinces."

"Before the throne speech was even finished," Deltell reported, "Quebec Premier François Legault was already saying that he was disappointed because this speech once again showed the federal government meddling in provincial jurisdictions, especially health."

The prime minister was ready with a retort.

"Mr. Speaker, I am sorry to hear the member for Louis-Saint-Laurent say that the federal government does not have a role in protecting our seniors," Justin Trudeau said. "That was not how the premier of Quebec felt when he asked us to send in the armed forces to help seniors in our long-term care homes."

That statement might seem glib. Jurisdictional divisions generally exist for good reasons. Even when they don't, they're basically impossible to ignore completely — as demonstrated by the fact that federal lawyers were before the Supreme Court this week to defend the Liberal government's national carbon price.

But Trudeau's observation could serve as a warning for both federal and provincial leaders: no one is likely to come away from this moment looking good if disputes over jurisdiction and intergovernmental responsibility end up preventing meaningful action to improve the welfare of Canadians.

The Liberal government offered up a very long list of ambitious goals in that throne speech — "a Canada-wide early learning and childcare system," "new, national standards for long-term care" and "a national, universal pharmacare program."

The premiers made their own desires clear in a statement issued the next day. They would like more money. A lot of it. And for things other than child care, long-term care and pharmacare.

When jurisdiction mattered less

Specifically, the provinces would like the federal government to cover 35 per cent of all public health care costs, up from the 23 per cent it covers now. They would like the fiscal stabilization program changed to provide more funding to provinces that experience economic downturns. And they would like \$100 billion in additional federal funding for infrastructure over the next ten years.

There was relatively little fussing over who was constitutionally responsible for what over the first six months of this pandemic — perhaps because the federal government, with its greater fiscal capacity, was doing most of the spending. From the spring through July, the federal government provided 91 per cent of all direct aid to Canadians.

In July, the federal government announced that the provinces would receive \$19 billion for specific areas of their pandemic response, including municipalities and child care. A month later, Trudeau offered another \$2 billion for schools. Those forays into provincial jurisdiction followed the federal government's offer of rent assistance for commercial businesses — another area that is not strictly within federal purview.

"The starting point, I think, has to be that at the end of the day, there isn't a single government in the country at any level that doesn't want to see the economy recover as quickly as possible and as fairly as possible," said Andrew Bevan, who was chief of staff to former Ontario premier Kathleen Wynne (and before that, a senior aide to federal Liberals in both government and opposition).

"That point of view, I think, has been instructive over the course of the [last] six months. It became very clear that leaders were going to set aside differences and allow for a few things to happen. The premiers allowed the federal government to step in, at a moment of obvious

national concern, financially and fiscally, but beyond that as well."

Permanent changes to the federal-provincial spending relationship will necessarily be harder to make. The federal government will want to be able to say exactly what its money is accomplishing. Provinces will be reluctant to take on costly new services when they know they'll inevitably be blamed if something goes wrong.

Some premiers — Alberta's Jason Kenney, in particular — would rather be seen fighting the federal government. Activists calling for change might be reluctant to accept compromises. Even the quickest resolution will involve no small amount of shouting and chest-puffing.

Money changes everything — usually

Trudeau's political leverage likely is limited by his government's minority status and the constant threat of an election. At some point, the prime minister might also come to regret the loss of Bill Morneau, who successfully negotiated deals with the provinces on reform of the Canada Pension Plan and funding for mental health and home care during his time as finance minister.

On child care, Social Development Minister Ahmed Hussen told the Toronto Star that the federal government wants national standards and proper enforcement mechanisms. Provinces will object, no doubt. Perhaps their objections would be somewhat muffled if, as Bevan recommends, all new funding for child care comes from the federal government. (Bevan, who is among those pushing for action on child care, also thinks the federal government should be carrying a larger share of health spending.)

Money is the federal government's greatest source of power and it has signalled it's willing to use it. But there will be a limit on how much it can offer without creating a significant structural deficit.

Bevan argues that the greatest incentive for governments to come to an agreement now is the broad public consensus and desire for action — not just on child care but on other fronts as well.

"It's a complicated federation, but it's usually possible to find common interests. And I would say that at this moment, probably more so than ever, there is an expectation that governments will," he said.

"There's a pretty broad middle understanding of what is required. So you can't really be offside with that because you don't think the jurisdictional authority exists to have one government or another do something — that's just ridiculous. I don't think people will put up with it in the short term. And I think there would be electoral consequences in the medium to longer term if that were to happen."

It's easy enough to look at the Canadian federation and explain why things are hard to do. But it may be a lot less acceptable as an excuse now.

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