

Gov't spending could spark battle [CA-SK] ^[1]

Author: Wood, James

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EXCERPTS

The sparring between the provincial NDP government and the new federal Conservative regime is fairly routine stuff, says a Saskatchewan political scientist. But the real battle may come down the road if Prime Minister Stephen Harper's government follows through on indications that it will make some fundamental changes to the relationship between the provinces and federal government, said Ken Rasmussen, head of the University of Regina's political science department.

With the recent federal budget, the Conservative government issued a discussion paper on the "fiscal balance" which will be followed by a First Ministers conference later this year.

Rasmussen said it appears the new Tory government is eyeing up the federal government's spending on areas of provincial responsibility such as education and health.

He describes the approach as " 'here's what we're going to do, is cut our programs and cut our taxes and allow you people to raise your taxes.' Of course, that will go over like a lead balloon with the provinces," he said in an interview last week.

While that plan would likely be acceptable in provinces such as Alberta, Ontario and Quebec -- where it is seen as a key point in the battle against separatism -- it would likely be troublesome for Saskatchewan.

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"Depending on how things proceed, the Conservative plan to rejigger the system of federal-provincial financial arrangements will have potentially a huge impact on Saskatchewan, and not all for the good," said Rasmussen.

Premier Lorne Calvert said the issue is "hypothetical" at this point but acknowledged the Conservative take on the fiscal balance could be a potential flashpoint between the two governments.

"If the concept is that the national government would simply move to some kind of process of tax-point shifts, saying to the provinces, 'OK, you can collect more taxes and provide more services,' I don't think that's any way to build a federation. That tends to build 10 or 13 checkerboard patchwork quilt kind of country," he told reporters last week.

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A number of issues have arisen between the provincial NDP government and the Tories since Harper took office in February.

These include no mention of the Conservative election promise on equalization in the federal budget or the fiscal balance discussion paper, the Conservative intent to scrap the child-care agreements signed by the previous government with the province, the cutting of about a third of federal funding to the Saskatchewan Forest Centre, the softwood lumber deal with the United States, the scrapping of the deal to sell grain hopper rail cars to a farmer's coalition and ongoing uncertainty over whether future agricultural programs will continue to be split 60/40 per cent between the federal and provincial governments.

Region: Saskatchewan ^[2]

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