

Grits may double maternity leave: Chretien trying to show citizens he's still in charge [CA] ^[1]

Departments are 'licking their chops' as early budget would champion social agenda

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The federal Liberals are considering extending maternity benefits to two years as they emphasize new social spending in a possible fall budget aimed at invigorating the Chrétien government.

Also under discussion are thousands of new daycare spaces and major new spending on the Millennium Scholarship program, for post-secondary students.

Talk of a new social agenda has reignited the battle between fiscal conservatives who want to see more tax cuts and debt repayment, and left-leaning Liberals who think next year's estimated \$7-billion surplus should fund new measures.

Adding a second year to paid maternity leave would enhance the government's popular 2000 move to double maternity leave to one year from six months. But sources say the option, for which Department of Human Resources Development officials are lobbying intensely, has met intense resistance from business.

"The winds are blowing towards spending initiatives. Every department around town is licking their chops and looking to cash in," said a government source.

As well, the Liberals are considering reviving the broadband idea championed by Brian Tobin, the former Industry minister who suddenly quit politics this year. The multibillion-dollar plan to bring broadband Internet access to rural Canadians had been quashed because of the price tag.

Bureaucrats have been told they have until mid-August to come up with new ideas and cost estimates as the government considers tabling an October budget. They have been told to focus on five areas: health care, child poverty, aboriginal issues, modernizing urban infrastructure and the environment.

This exercise comes as Jean Chrétien aims to convince Canadians he is still governing in the runup to the Liberals' February leadership review. It worries fiscal conservatives anxious that the Prime Minister is willing to use all the levers of power to shore up his flagging support.

"Jean Chrétien is using whatever levers he has, even if it's old-style pork barrel politics, to hang on," said a source.

Many left-leaning Liberals have been waiting for a social agenda since the government took office in 1993. Although many promises were made in the early 1990s about new national social programs such as daycare, homecare and pharmacare, little has been done.

"These people have been held at bay for a long time and they want to catch up," said one source.

Other sources say the quick timeline for an October budget would cut the Liberal caucus, and even the Cabinet, out of much of the priority-setting typical at budget time.

"If they do this [have a fall budget], this will very much be a PMO-Finance Minister exercise because there won't be much time to get Cabinet and caucus involved. It's summertime," said one insider.

John Manley, the Finance Minister, is a strong ally of Mr. Chrétien in his battle with Paul Martin, the former finance minister and would-be leadership candidate, and that has the Prime Minister's opponents concerned there is no strong advocate in Cabinet fighting new major spending initiatives. Mr. Manley says he is committed to fiscal prudence but some are concerned he will follow Mr. Chrétien's wishes.

"You've got someone who won't cross the Prime Minister because he's tied to the Prime Minister," said a government source.

Presenting a budget in early October, rather than next February as initially planned, would also avoid pressure to respond quickly to what could be costly recommendations in the final report of the Romanow commission on health care, expected in November.

An early budget, quickly following a possible Throne Speech, would signal the Prime Minister has a strong, activist agenda just as the Liberal leadership battle heats up. With the government expected to wrack up a hefty surplus this year, Mr. Chrétien has lots of room to launch new initiatives before his showdown with Mr. Martin at the February leadership review.

Roy Romanow, the former Saskatchewan premier, has hinted his commission will recommend introducing taxes specifically earmarked for health care, which could prove controversial. However, if the budget is out before the report, the government could merely offer a commitment of support and avoid specific recommendations.

The daycare proposal would revive a plan the Liberals first publicized during the 1993 election campaign, when they promised to create 150,000 spaces for infants and children in a program jointly funded with the provinces. Four years later, the two levels of government agreed to a National Children's Agenda that was to be funded in part by Ottawa and run by the provinces. Daycare was one element of the plan, but it too bogged down in federal-provincial negotiations. The provinces balked at the terms and the money never flowed.

Since then, Ottawa has committed up to \$500-million to daycare, parenting programs and pre- and post-natal care, and sources say it is now prepared to substantially boost that funding.

On education, the federal government wants to build on its \$2.5-billion Millennium Scholarship program. Ottawa spent \$1.6-billion on loans for college and university students in 2000-2001. The program operates outside provincial student aid programs and so is able to avoid the wrangling with provinces that characterizes most of the government's social spending.

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