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The Alternative Federal Budget: Forcing Economics . . . to be More Political

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For the second year in a row, a broad coalition of social organizations and unions worked under the direction of the Canadian Centre for Policy Alternatives and CHOICES — a Winnipeg-based social justice organization — to prepare the Alternative Federal Budget (AFB).

This initiative was first tested in Manitoba where alternative budgets were prepared in response to municipal and provincial budgets. It worked well with municipal budgets, it worked well with provincial budgets and now it works well with federal ones. The purpose of this initiative is fairly simple: to provide citizens, organizations and the media with something that they can compare federal budgets to. For this reason, the AFB has everything one

can find in *real* budgets: economic forecasts, policy objectives, adjustments to revenues sources and new initiatives.

In the 1996 AFB, a number of measures are proposed to deal with the job crisis. It proposes, for instance, to respond to pressing social needs by investing in social infrastructures such as child care and housing. These new programs would generate new jobs. As well, the AFB proposes to review the current monetary policy so that it can ensure both a stable level of inflation and a strong level of economic growth. Investments in research and development are also seen as critical to ensure that our economy remains flexible enough to cope with technological innovations.

In terms of the social safety net, the AFB proposes the creation of a number of National Social Investment Funds (health care fund, income support fund, post-secondary fund and child care fund). One purpose of these funds is to clearly indicate the federal government's responsibility for social programs. While recognizing that all levels of government must be involved to ensure that we keep a strong social safety net, the AFB gives the federal government the responsibility to design and enforce a number of fundamental standards. These would guarantee a minimum level of social protection for all Canadians.

In terms of taxation, the AFB does not include what some would describe as *unrealistic* measures. It does start from the premise, however, that the existing system is far from being perfect and that it needs to be reviewed. The current tendency on the part of governments to proclaim that Canadians will not accept any tax increases and that governments should therefore stay away from this field is rejected by the AFB. It is true that Canadians feel squeezed under the current system but it is also true that Canadians believe that many individuals and *corporate citizens* are not contributing their fair share. It is precisely this concern that the AFB proposes to address with progressive and *realistic* fiscal measures.

It will come as no surprise that the measures proposed in the AFB have not yet been included in the federal budget. In February 1995, Minister Paul Martin announced a \$7.5 billion cut to transfer payments for social assistance, health care and post-secondary education. In addition, the government announced a reduction of 45,000 in the number of federal civil servants. Again in 1996, the federal budget included practically no measures to deal with the dramatic state of the Canadian labour market and it included a further reduction to federal contributions for social programs.

Where does this leave the AFB? A strong case can be made that it has still achieved something critically important for the progressive movement. It has revealed the real nature of budgets. It has shown that they are first and foremost political, not economic equations. Budgets are about making

choices on the future we wish for our country. They are about the level of wealth redistribution that our society is willing to achieve.

Moreover, the AFB has allowed the progressive movement to attack one enduring myth: that it always complains, but never proposes anything in response to government decisions. The AFB proposes detailed policy changes which specifically address the issues that Canadians have repeatedly identified as being priorities for action: job creation, a strengthening of our social safety net, a fairer taxation system and a reduced deficit level.

Since the AFB will probably come up again and again, it is critical for those interested in these issues to familiarize themselves with its content and see where they agree and where they don't. All related documents can be obtained by phoning the Canadian Centre for Policy Alternatives at (613) 563-1341 or by consulting the following web site:

<http://infoweb.magi.com/~ccpa/ccpa.html>

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Canada Health and Social Transfer: What Was Lost?

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1. Introduction

On 1 April 1996 the Canada Health and Social Transfer came into effect.⁹ It replaced the Established Programs Financing under which the federal government previously funded post-secondary education and health care. It also replaced the Canada Assistance Plan (CAP) through which the federal government had been sharing 50% of the cost of social assistance and social services with the provinces and territories since 1966.

The 1995 budget and the subsequent implementation legislation which enacted the Canada Health and Social Transfer made clear that the federal government, through the Minister of Human Resources Development, would take the lead in discussing with the provinces and territories the "principles and objectives" of administration of social welfare programs formerly financed by the Canada Assistance Plan: