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## **Governing the Social Dimension in Canadian Federalism and European Integration**



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Amy Verdun and Donna E. Wood  
University of Victoria

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rue Paul Emile Janson 13 / 1050 Bruxelles / tél.: 32 (0)2 537 19 71 / fax: 32 (0)2 539 28 08 / e-mail: info@ose.be

## **Governing the Social Dimension in Canadian Federalism and European Integration**

**Amy Verdun and Donna E. Wood** <sup>(1)</sup>

University of Victoria

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## **Abstract**

In Canada and the European Union (EU), most programs that affect citizen well-being (such as child care, education, employment, health care, housing, income support, and pensions) are the responsibility of the constituent units—that is, provinces and territories in Canada and member states in the EU. This Working Paper looks into whether Canada can learn from how the EU coordinates social policy, drawing on contemporary research examining how social policy models in the two political systems are evolving. In Canada, provincial social programs have historically relied on conditions tied to federal expenditure. Over the past 15 years, however, this funding has diminished and most conditions have been eliminated, resulting in significant decentralization. In contrast, since 1999 European member states—with the assistance of the European Commission—have pioneered innovative governance techniques to facilitate cooperation and coordination in social policy across the European Union. The paper asks whether there is something about how the EU has been able to develop a pan-European dimension to social policy that might offer tools to Canada. It also introduces some of the concepts and theoretical tools used to explore the comparison and the contributors that address the question. The paper concludes that although unusual, the comparison is useful and there is potential for Canada and the EU to learn from how they each manage their respective federal political systems.

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## Introduction

In Canada and the European Union (EU), most programs that affect citizen well-being—such as child care, education, employment, health care, housing, income support, and pensions—are the responsibility of the constituent units; that is, provinces and territories in Canada and member states in the EU. When Canada was formed in 1867, social programs were considered a provincial concern. Constitutional responsibility was thus assigned to provincial governments. Before the European Community (EC) had been created, European nation states had already put in place many different social programs for their citizens <sup>(2)</sup>. Within the EC (later EU), social policy remained a member state responsibility (in EU speak: ‘member state competence’). However, over time each political system has developed overarching policies, principles and approaches, effectively creating a significant pan-Canadian or pan-European dimension to social policy.

A special issue of *Canadian Public Administration (CPA)* <sup>(3)</sup> entitled ‘Governing the Social Dimension in Canadian Federalism and European Integration’ compares governance arrangements between the centre and its constituent units in each of these two political systems, with particular regard to developments over the past fifteen years. The journal’s eleven contributors—all living in Canada but with knowledge of the EU—came together to examine which government actors play a role and also looked at the extent to which citizens, communities, markets, and other stakeholders are involved. Since 1999 European member states—with the assistance of the European Commission—have pioneered innovative governance techniques (Tömmel and Verdun 2009) to facilitate cooperation and coordination in social policy across the European Union (see also Cram 2009; Sabel and Zeitlin 2010). In contrast, federal-provincial coordination of social programs in Canada has historically relied on conditions tied to federal expenditure. Although all governments in Canada (except Québec) agreed in 1999 to the Social Union Framework Agreement (SUFA) to revitalize their social policy governance arrangements, it has had little impact as a non-constitutional framework, abandoned as governments in power changed. Noel, St. Hilaire and Fortin (2003: 3) suggest that—despite SUFA—the same old disputes over social policy in Canada continue, based on the same core issues and conducted in more or less the same manner.

This Working Paper provides an overview of the CPA special issue. Can Canada learn from how the EU coordinates social policy? In particular, is there something about how the EU has been able to develop a pan-European dimension to social policy that might offer tools to Canada? This paper

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2. Social policy is not only directed to citizens but also to permanent residents officially residing in the member state. When referring to ‘citizens’ here we also mean to include those who may draw on these services.
  3. A shorter version of this paper is available in *Canadian Public Administration* 56:2 (June 2013): 173-184. We thank the editors of CPA for believing in our project (St Martin and Lindquist 2013) and for allowing us to publish a rather large set of papers in the journal.

provides a background to these questions, and, in doing so, introduces some of the concepts and theoretical tools used to explore them. We also place the research questions in the context of the broader literature and introduce the contributors that address these questions.

This Working Paper is structured as follows. In section two the concept of governance is further explored and, building on our previous work (Wood and Verdun 2011a) and that of others (Saint-Martin 2004), we offer a rationale as to why a comparison between Canada and the EU on social policy matters may be of use. Section three provides a more detailed overview of social policy developments in the European Union, and section four reviews social policy developments in Canada. In section five we introduce the Open Method of Coordination (OMC)—a core mode of steering used in social policy-making in the European Union. In section six we provide an assessment of how well the OMC functions in EU social policy. The seventh section provides a brief overview of the main findings of the articles in the CPA special issue. The final section concludes.

## **1. Why compare Canadian and Governance arrangements?**

Governance refers not so much to the content of policies and policy reform, but rather to the mechanisms of policy making and policy implementation: who has authority, who provides funding, which institutions and actors are involved, how their interactions are facilitated, and what processes and rules are used to influence behaviour. Policymaking in multilevel systems, such as Canada and the EU, differs from that in unitary systems in that the question of who should take action is superimposed on the question of what should be done. As each has sought to secure unity of the whole while respecting the diversity of its constituent parts, over time different modes of governance have evolved (Bakvis, Baier and Brown 2009; Tömmel and Verdun 2009). These reflect not only Canada and the EU's unique constitutional, historical, institutional, political, and social contexts but also the peculiarities of specific policy domains.

Readers may question the relevance of comparing social policy approaches between such diverse political systems, especially whether there might be merit in applying EU ideas to Canadian federalism. However, as some authors have done convincingly (Leibfried 1998; Théret 2002; Jenson 2004) worthy insights can be derived from the comparison of social policy models in Canada and the EU (see for further discussion of this comparison also Saint-Martin 2004, Wood and Verdun 2011 b and c) <sup>(4)</sup>. Some readers in North America may feel that such a comparison

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4. Denis Saint Martin (2004: 8) offers a useful comparison of social policy developments, content and governance, in Canada, the European Union and United Kingdom. Drawing on Kooiman (2000) he characterizes the European Union's Open Method of Coordination as 'communicative governance' that seeks to develop a common policy vision whereas he labels Canada to be 'collaborative governance' as it focuses more on joint planning and work. In their review of the literature on the transatlantic

may have been useful in the past but no longer are, arguing that the European Union has lost credibility as a successful model given the challenges it has faced in recent years. The recent euro debt and banking crisis has caused many observers, especially those in North America, to question the success of the EU as a model or example of successful governance. Yet the modes of governance used in the EU to coordinate social policy have little to do with euro area difficulties (5). To the contrary, we argue that the comparison of Canadian to EU modes of governance in social policy has merit in its own right.

Another challenge is that because the EU is not a fully-fledged federation, some may question whether the political system of the EU can be compared to that of Canada. Although the EU is indeed not a federal state, it is at minimum an embryonic federal state. It is perhaps ironic that the very crisis that makes Canadians uncertain about whether they can learn from the EU may have led to more federalism in Europe, not less—even if Europeans will not easily use that word to describe these developments (BBC 2012; cf. Verdun, forthcoming). Yet because the comparison is not that obvious to all of our readers, we included in the CPA special issue two contributions that deal with the comparison of Canada to the EU from a federalist perspective: the articles by Thomas Hueglin (2013) and Herman Bakvis (2013). The article by Erica Arban (2013) concentrates on a particular sub-element of the comparison. It examines the concept of subsidiarity from a legal perspective. This provides insights into the challenges that both multilevel systems have faced in determining and interpreting the allocation of powers.

Canada and the European Union provide a fascinating story of different trajectories at play in social policy development—especially over the past fifteen years—with Canada on a decentralizing bent and the EU moving in the opposite direction, building a pan-European social dimension that did not previously exist. Through the confederation bargain in 1867, provinces in Canada were assigned responsibility for all social policy matters. The Canadian welfare state was, in effect, built after the Second World War through cooperative federalism and the federal spending power, with the explicit involvement (to varying degrees) of pan-Canadian civil society organizations. Today this situation has changed in at least two separate steps. First, in the mid-1990s the shift to reduce deficits and debt by the governing federal Liberals made pan-Canadian coordination in social policy more difficult. Ottawa provided less money to the provinces, which were then obliged to improvise to fulfill the promises they had made to their citizens. Second, once the financial crisis

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relationship and policy learning between Canada and the EU, Wood and Verdun (2011c) discovered twenty comparative articles dealing with multilevel governance and democratic participation, and twenty-eight dealing with social policy challenges.

5. In fact, the euro area difficulties are generating challenges on social policy. Some of these challenges are leading to a further awareness that social policy should remain key in EU member states and something to protect in the EU context, possibly in the form of a Social Union. For a good overview of the issues see a report produced for the think tank *Friends of Europe* (Vandenbroucke with Vanhercke 2014).

was lifted, federal reinvestments in social policy starting in 1999 (in health care, postsecondary education and child care) came to an end when the Conservative Party of Canada assumed power in 2006. Based on ideological preferences, not only do the federal Conservatives not see a federal role in social policy, but they have also acted to remove financial support for the participation of most civil society groups in pan-Canadian social policy matters (6).

The EU story seems to move in exactly the opposite direction. The desire for 'Europeanization' or greater coordination in social policies is driven by the recognition that demographics, globalization and the need to enhance European competitiveness call for serious reforms in national EU social models; they must be made more efficient, less costly, more flexible, and more accommodating of the problems of ever larger numbers of socially excluded citizens. Because member states in the EU refuse to allow Brussels to share competencies in social policies in ways that would allow promotion of these reforms through legislation, the OMC has been used as a way to move member states in desirable directions through coordinated changes and convergence as opposed to harmonization. In both Canada and the European Union the social policy models are in evolution, but in very different, almost opposite, ways. Looking back at their historical antecedents, in neither system have the various roles in social policy matters remained static.

## 2. The Evolution of Social Policy in the European Union

The EU is a very complex political system. With over 500 million people, 24 languages, and a considerable difference between rich and poor states (7), welfare regimes vary significantly among the 28 EU member states. Various scholars have sought to categorise the types of welfare states in the EU. In 1990 Gøsta Esping-Andersen categorised them as follows: Liberal (UK, Ireland), Conservative (Germany, Austria) and Social Democratic (Sweden, Denmark) (Esping-Andersen 1990) (8). As European economic integration deepened and widened throughout the decades, EU member states realised that their efforts to improve competitiveness and facilitate the free movement of labour while preserving the European Social Model (Ferrera, Hemerijck, Rhodes 2001 and Scharpf 2002) might benefit from common social policy responses. Indeed, ever since the

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6. For example, Canadian Policy Research Networks, the National Council on Welfare, the Canadian Council for Social Development and the Canadian Council on Learning.
  7. Luxembourg is the richest member state with its Gross Domestic Product (GDP) per capita at 271 percent of the EU average; the second richest is the Netherlands with 133% of the EU average. Bulgaria is the poorest member state with a GDP per capita of 44%. All these statistics are GDP per capita in Purchasing Power Standards (PPS) (Eurostat 2011: 1).
  8. Esping-Andersen later modified this to include a fourth type, Mediterranean, covering EU states like Spain and Portugal borrowing from Ferrera (1996). The entrance of the new member states to the EU in 2004 provides an additional challenge to this type of categorization. Fenger (2007) added a few more models to ensure that the various post-communist countries may be included in the categorisation of welfare states.



creation of the common market in the European Community, issues to do with social protection have been part and parcel of the idea of creating a level playing field. The French in particular were adamant that there not be discrimination between men and women, as it would distort competition. Thus, equal rights in the European Community were in the first instance upheld as a result of market considerations rather than concern for normative goals of equal treatment (MacRae 2010). Given the diversity of welfare regimes and the desire to keep social policy competence at the level of the member state, it was a challenge to identify what European social policy would look like. But over time a number of instruments for action in the social field emerged.

In the 1970s, *law and legislation* was particularly influential in the development of women's rights, gender equality, anti-discrimination, and the protection of worker's health and safety. The EU level has very limited financial resources compared to the individual member states—most of the budget of the Community, now Union, has typically been around 1 per cent of the GDP of the European Community, later European Union. Nevertheless, since 1957 funds collected from all member states have been spent on EU social policy. The European Social Fund (ESF), for instance, finances member state vocational training programs, social inclusion, and labour market policies that support EU-wide priorities. Today the ESF is viewed as a catalyst for change and modernization, playing a supportive and supplementary role (European Commission 2007: 4). *Social dialogue*—interactions between social partners <sup>(9)</sup> and public authorities—contributed to the revival of EU social policy in the 1990s, especially relating to labour standards. With the social investment turn in the 2000 Lisbon Strategy <sup>(10)</sup>, which broadened the notion of social policy beyond its traditional focus on social protection to also include social promotion and human capital development, dialogue has since been expanded to also include civil society (Jenson 2010).

Of most significance in recent years is *policy coordination* through the 'Open Method of Coordination' (OMC). While member states wished to coordinate their social policy efforts, they were reluctant to hand sovereignty over social policy to the EU, and less still to transfer additional funds from the member states to the EU level to pay for welfare state spending. Thus labelled in 1997 to support the European Employment Strategy (EES), over the past fifteen years the OMC has been expanded to other social policy areas, including social inclusion, pensions, health care and care for the elderly. It has been also been used to facilitate coordination among member

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9. 'Social partners' are representatives of business/employers on the one hand and labour on the other hand.

10. This refers to the Lisbon strategy of 2000; not to be confused with the "Social Investment Package" of the Europe 2020 Strategy. The former intended to develop the EU to become the most competitive economy in the world by 2010. The Social investment package is a series of non-binding agreements, launched in February 2013, adopted by the European Commission in an attempt to offset negative effects of the financial crisis that threaten to derail the achievement of EU2020 goals of poverty reduction and the like.

states in the area of higher education (a process also referred to as the Bologna process; see Haskel 2009, 2013). We do not want to overestimate the political and ideological 'bite' of the OMC, which creates an imbalance between the discussion of hard law (Treaties, Regulations, Directives, et cetera) and soft governance. In the EU the role of the Court of Justice of EU has been absolutely crucial and has had a major impact in certain areas, such as social policy. Examples of those breakthrough decisions by the Court are in gender equality. In other areas, however, the OMC has been able to generate some change in policy, for instance in the areas of poverty reduction and social exclusion.

Some studies suggest that the OMC was labelled as such to encourage a different engagement among member states, lay a path to achieve competitiveness (through benchmarking and best practices), and increase legitimacy of cooperation without transferring more powers to the EU (Radaelli 2003; Büchs 2008). Other studies have shown that the OMC was not in fact that new (Tömmel and Verdun 2009); many of the modes of governance that were 'invented' with the creation of OMC had already been used in the decades before to obtain cooperation without transfer of sovereignty to the EU level. The introduction of the OMC not only effectively relabelled what was already happening, but also put a stronger emphasis on using this mode of governance to facilitate cooperation among member states. The relabeling of this mode of governance and its increase in use thus served the purpose of facilitating more cooperation in policy areas such as social policy and employment policy (Scott and Trubek 2002, Zeitlin 2005).

Involving the development of a common framework, exchange of best practices, benchmarking, codes of conduct, and comparative analysis, the OMC is an instrument focused on cooperation among member states and stakeholders. It offers a way to coordinate among EU member states given the preference of national governments to maintain control. It depends heavily on the creation of a sustained dialogue between the parties conducted in the interest of the mutual pursuit of long-term goals within a common vision (Townsend 2005). As a goals-based approach to making and implementing decisions between member states, the OMC is supported by highly institutionalized structures and processes at both the EU and the member state levels.

### **3. The Evolution of Social Policy in Canada**

Canada's welfare state developed in quite a different way from that of European states, using very different instruments. Banting (2005) suggests that three distinctive models, each with its own decision rules, have been used to build the Canadian welfare state. In the aftermath of the depression and the First and Second World Wars, in 1940 and 1951 federal and provincial leaders used *classical federalism* to agree on constitutional amendments transferring competence for unemployment insurance and old aged pensions to the federal level. In the 1950s and 1960s, as

part of the post-war reconstruction and a desire to create social citizenship rights on a pan-Canadian basis, the federal government used *shared-cost federalism* to help provinces expand social programs (health care, postsecondary education, social assistance and welfare services) that met national objectives. Since Québec had demanded that provinces retain competence over pensions, the model used for the Canada Pension Plan was *joint-decision federalism*, requiring the formal agreement of both orders of government. In all models, 'executive federalism' dominated, with deliberations confined to federal and provincial politicians and civil servants. Although other social interests, such as organized labour, women's groups and welfare organizations complained about their exclusion, they had limited impact (Banting 2005).

Much of this picture has changed over the past fifteen years. Even though the federal government maintains exclusive control over Employment Insurance and Old Age Security, and while the Canada Pension Plan is still jointly determined, the power of *shared-cost federalism* has significantly diminished. Where once 50 per cent of the costs that provinces incurred for their health care, postsecondary education, social assistance and welfare services were covered by the federal government, since 1996 and the introduction of the Canada Health and Social Transfer, this share has slipped significantly. After 2010-2011 it is projected to average 18.6 per cent for health and 10 per cent for other social programs (Parliamentary Budget Office 2011: 16 and 2012: 2). The capacity for shared-cost federalism to ensure similar standards and approaches across the country has been significantly diminished as a result of these changes. The only national conditions remaining are that provinces must uphold the principles of the Canada Health Act and not impose a residency requirement on social assistance. Even these limited rules are not policed (Boychuk 2012).

In addition, provincial and territorial governments now run many social programs that had previously been managed and delivered by the federal government. As outlined in Donna Wood's article in the CPA special issue, starting in 1996, active labour market programs were devolved to provinces and territories through a series of bilateral labour market agreements (Wood 2013). Federal conditions and a pan-Canadian dimension are upheld through bilateral conditional funding agreements; there have been limited attempts to develop a multilateral framework that involves agreement among all fourteen governments in Canada.

As a result of these actions, Canada is becoming an increasingly decentralized nation as each province and territory shapes and reforms its social programs to suit its particular needs and circumstances. Other than in health care and Kindergarten to grade 12 (K-12) education <sup>(11)</sup>, there are few mechanisms or institutions that facilitate sharing of best practices to ensure that the

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11. Both policy areas have recently undertaken efforts towards pan-Canadian benchmarking; see the Forum of Federations at <http://www.forumfed.org/en/events/event.php?id=783> for more information. Benchmarking is an integral part of the OMC.

provinces and territories learn from one another. Moreover, those that are in place are executive dominated and open only to politicians and civil servants. Compared to the EU, Canada's intergovernmental relations system is largely ad hoc and weakly institutionalized. Most scholars conclude that it does not work well (Maxwell 1996, McIntosh 2004, Canadian Council on Learning 2011, Inwood et al. 2011, Skogstad 2012).

The main policy instruments used to develop the Canadian welfare state have been *law and legislation* (based on the constitutional re-alignment of authority to the federal level) and *money and redistribution* through the federal spending power. *Social or civil dialogue* on a pan-Canadian basis runs into deep-seated federal-provincial jurisdictional conflicts. While *policy coordination* was instrumental in building the cooperative federal-provincial relations needed for the development of the Canadian welfare state in the 1950s and 1960s, this mode of governance has fallen away in recent years as provinces and territories are generally not willing to accede federal leadership, especially as federal funds for social programming fall far short of the actual costs the provinces incur.

#### **4. How does the Open Method of Coordination Work?**

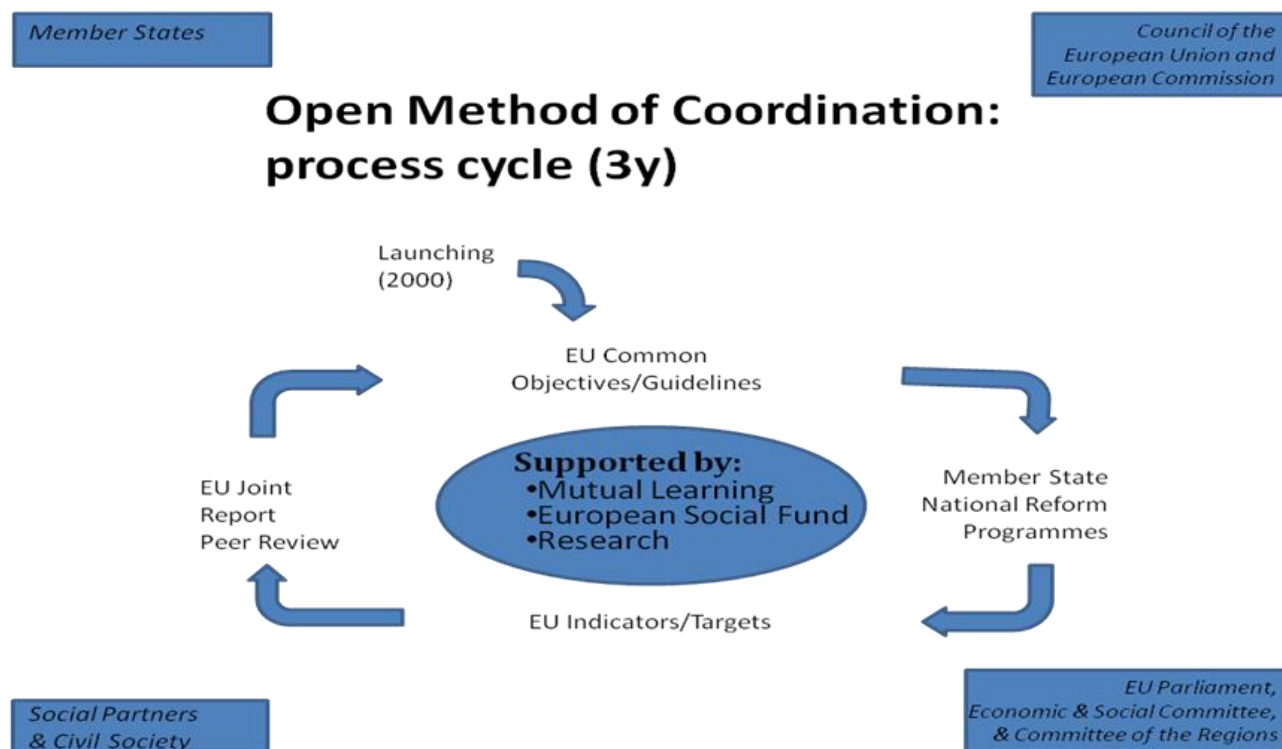
There is no single OMC in the European Union. In fact, it might be better to refer to 'most OMCs,' since they operate in different ways—for instance, in the European Employment Strategy (EES) compared to other areas such as macro-economic governance (Hodson and Maher 2001; de la Porte and Pochet 2002; Radaelli 2003; Büchs 2007; Cram 2009) (<sup>12</sup>). For the ease of argument, we will refer to 'the OMC' here, even if we recognise the limitations of that notation. The OMC is a cyclical process where mutually agreed objectives (political priorities) are defined at the EU level by a specific process. The Council of Ministers (Employment or Social Ministers from the 28 member states) sets goals and guidelines, as well as the indicators that will be used to judge progress towards the goals. Then member states determine their own strategies and national plans to attain these goals. This process includes actors at all levels and stakeholders that traditionally are not part of the policy making process. The European Commission also provides support. In other words, once EU-wide goals are set, they are translated by each member state into individual national social policy plans. Peer review (discussion among equals) takes place on the basis of National Reform Programmes (reports) prepared by each member state on their efforts to meet the EU objectives. Through a mutual learning program, with the financial assistance of the Commission and specialized third party agencies, member states undertake

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12. Since 2005 the EES has been more closely linked with economic policy coordination and the social OMCs (social inclusion, pensions, health care and care for the elderly) have been joined in a single "Social Protection OMC".

research and allow for peer review processes that may include study visits to member states focused on specific problem issues. In the case of social policy, this entire process benefits from contributions from the European Social Fund, used by member states to implement specific programs that are in keeping with the overall EU objectives. Other EU institutions as well as civil society actors have clearly defined ways to influence the process, as can be seen in Figure 1.

**Figure 1: OMC process cycle**



**Source:** Vanhercke and Lelie (2012: 8).

As all EU member states are directly involved in the OMC, including formulating EU-wide objectives and evaluating progress, member states have learned to 'upload' their own priorities into the policy discussions at the EU level and have also exercised considerable selectivity (both consciously and unconsciously) in 'downloading' (Zeitlin 2005: 454-455). As all bear the direct cost of implementing the agreed-to actions, they are careful to ensure that achievable targets and reforms are adopted. Whereas a central government in a federal system like Canada may be able to exercise this control through the use of spending power, with its limited financial capacity this option does not exist within the EU (Preece 2012).

## 5. What difference does the OMC make?

The current *Europe 2020* strategy aims to achieve by 2020 an employment rate of 75 per cent, a tertiary education completion rate of 40 per cent, school drop-outs reduced to below 10 per cent, and at least 20 million people lifted from the risk of poverty and social exclusion. The OMC is an important mode of governance that seeks to coordinate member state social policies without having to transfer competence to the EU level, implement EU legislation, or provide incentive funding. The focus is on policy convergence-not harmonization-of objectives, performance and to some extent policy approaches, but not means (institutions, rules and concrete measures). Harmonization of social policies was considered not only a sensitive political matter, but also very difficult in practice given the complexity of and differences in national welfare traditions and systems (Jacobsson 2004).

There is a vast amount of literature on the impact and effectiveness of the OMC, including how it has been applied in different policy areas (for example, de la Porte 2002; de la Porte and Pochet 2002; Begg, Hodson and Maher 2003; see also Kröger 2009; Tömmel and Verdun 2009; McGuinness, and O'Carroll 2010; and Sabel and Zeitlin 2010). The articles in the CPA special issue assess these impacts on different social policy areas. In assessing this literature in 2012, de la Porte and Pochet concluded that learning was believed to be the most effective part of the OMC, bringing together government and non-government actors to address common challenges and facilitating deliberation and problem-solving through socialization, reflexivity and idea diffusion. However, the kind and degree of learning varies among member states depending on the underlying welfare regime to which it has been added.

For the Nordic countries, the main effect has been reflexive learning, an opportunity to review the strengths and weaknesses of their own policies and institutions. In the Liberal welfare states, civil society has used the EU level as leverage to gain access to their governments in order to discuss ways to combat poverty, exclusion and workfarism. The learning potential of the OMCs in the Conservative welfare states was felt to be considerable, with EU guidelines having a direct effect on labour market reform. For the Mediterranean countries the social OMCs addressed key challenges that would not otherwise have been tackled, as activation, female labour market participation, lifelong learning, upskilling, 'flexicurity' and social inclusion were for them novel ideas. Although the social OMCs have potential for constructive use in the new member states, social partners and civil society are weak; hence governments are reluctant to engage in reflexive learning. De la Porte and Pochet (2012) conclude that knowledge achieved through the OMC is used selectively and politically by actors in different ways across the EU and interpreted primarily according to domestic institutional frames of reference and political priorities.

## 6. The articles in the CPA Journal Special issue

What are the governance arrangements between the centre and its constituent units in each of these political systems (i.e. Canada and the EU) in different social policy areas? Which government actors play an important role? To what extent do citizens, communities, interest groups, and other stakeholders have a voice in the process? More particularly, might the OMC provide some ideas to revive policy coordination as a governance technique and provide a space for non-government actors to express their views in a pan-Canadian forum as promised in SUFA? The articles in the CPA special issue consider these questions<sup>(13)</sup>. The social policy areas selected reflect the particular interests of the various authors assembled—pensions, employment, child benefits, health care, development aid, and post-secondary education.

Thomas Hueglin (2013) argues that systematic analyses of Canada and the EU as comparable federal systems have been neglected for a variety of methodological reasons. The most important reason is that they both do not fit the mould of the dominant model of the American federal state. A revised conceptual framework can show, however, that they both provide a similar institutional and procedural environment for policy making: powers are shared rather than divided; policy directions are determined by executive negotiation rather than parliamentary deliberation; unanimity takes precedence over majority rule; and inter-regional competition is moderated by a commitment to equalization.

Herman Bakvis (2013) suggests that intergovernmental governance takes a different form in Canada than in the EU, raising questions about the transference of practices and institutions from one to the other. In both systems non-hierarchical modes of governance provide coordination in different policy fields. Hierarchy plays a role, though not in a manner one might expect. In the EU, hierarchy is tempered by members' direct participation in policy formulation. In Canada hierarchy is more important, but within rather than between governments, resulting in executive dominance of the intergovernmental process at the expense of devolution of power to civil society and sub-provincial governments.

This article is followed by Erika Arban's assessment of subsidiarity (Arban 2013). One of the most important principles in EU law, subsidiarity has recently entered the Canadian constitutional debate

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13. These questions were first discussed at a conference held October 14-15, 2011 at the University of Victoria entitled 'Comparing Modes of Governance in Canada and the European Union: Social Policy Engagement across Complex Multilevel Systems'. The conference was sponsored by the Canada-Europe Transatlantic Dialogue (funded by the Social Sciences and Humanities Research Council of Canada), the European Commission (through the Jean Monnet Chair Ad Personam held by Amy Verdun), and the Institute of Public Administration of Canada.

with the decisions of the Supreme Court. After giving an overview of the intellectual history of this principle, Arban's paper provides a comparison of how subsidiarity has been treated by the Supreme Court of Canada and the European Court of Justice, with the aim to discern what lessons Canada can learn from the European experience of subsidiarity, particularly in relation to social policy.

Rachel Laforest (2013) compares how the role and place of civil society groups in multilevel governance have evolved in Canada and the EU. She argues that while the scope for engagement of organizations in the EU has broadened, it has been increasingly narrowed in Canada, to the extent that the policy process may be undermined. Her paper concludes with some insights from the EU experience in order to revive policy coordination as a governance technique in Canada.

Heather Millar's article examines the alignment of different governance arrangements and alternative accountability mechanisms through a case study of international development policy making in Canada and the EU, with a particular focus on relationships between governments and non-governmental organizations (Millar 2013). She argues that the Canadian case illustrates an entrepreneurial mode of governance that aligns with fiscal auditing and performance management mechanisms, while the networked governance model of the EU relies more heavily on accountability instruments of public reporting and deliberation. Her article concludes that the European accountability regime likely provides policy makers with more opportunities for social policy learning but that the EU regime is likely difficult to implement in the Canadian context given the underlying action logic of the federal government.

Julie Simmons' article compares the role of citizens in public reporting exercises of Canada's National Child Benefit and health care service delivery to that of the European Union's Open Method of Coordination (OMC) for Social Protection and Social Inclusion (Simmons 2013). She finds that the institutional infrastructure providing for coordination across social policy areas and possible roles for non-governmental actors in policy development are more developed in the OMC than the institutional infrastructure of "new modes of governance" in Canada. However, in her view there are obstacles to developing such infrastructure in Canada, given the different histories and political contexts of the community project of Europe and the functioning of federalism in Canada.

Donna Wood's article assesses the performance of Canada's employment policy governance regime post-1996 by explicitly comparing Canadian approaches to those used in the EU through the open method of coordination (Wood 2013). She concludes that Canada has moved so far along the decentralization continuum—with 13 provincial systems as well as a federal-only system in place—that coordination, coherence, mutual learning and information sharing among provinces and territories have been lost. While EU OMC approaches hold promise, to be realized stakeholders



would need to become more engaged in the policy domain and provinces, not the federal government, must take the initiative for enhanced coordination.

Barbara Haskel (2013) carries out a similar exercise with respect to post-secondary education. The Bologna Process that created the European Higher Education Area is an elaborate OMC-type process involving the member states, interested parties, social partners, and experts. It is the product of the incentives of the actors who created and those who sustain it; it embodies a purpose. Is such a process relevant for policy-making on post-secondary education in the Canadian federal system? Haskel emphasizes the need to know whether there is a compelling vision, objective, or anxiety that motivates the key actors.

Patrik Marier's contribution is unique, as the Canadian federal government dominates provincial governments in pensions through the power of the purse (Marier 2013). Relative to the EU, public pensions in Canada are well coordinated and harmonised. However, Marier highlights how OMC-type approaches might assist in the field of private pensions, facilitating coordination of the various regulations that cover employer pension plans across the country. The EU OMC in pensions has created an imposing network of EU pension actors, providing these actors with a far better understanding of what challenges lie ahead and what work needs to be done than it did a decade ago. In the EU the presence of a strong social policy actor—the Social Policy Committee of the Directorate General for Employment, Social Affairs and Inclusion—ensures a focus on adequacy and accessibility alongside sustainability; in Canada there is no similar actor, resulting in a much narrower debate over pensions than what takes place in the EU.

Thomas Townsend (2013) writes our concluding article, reflecting on the contributions in the CPA special issue, as well as drawing on his own knowledge of the OMC gained while with the Canadian Mission to the European Union between 2003 and 2006. He notes that Open Method of Coordination (OMC) mechanisms have not gained much acceptance in Canada, in spite of evidence that they could improve policy making and implementation. In his view policy processes work differently than we describe. Thus, "learning", in particular at the political level, occurs somewhat differently than was envisaged in the intellectual underpinnings of the OMC because of the ethos of intergovernmental relations. He thinks however that there are some potential alternative ways in which provinces, territories and the federal government might improve policy learning by approaching the process in a somewhat different fashion while benefiting from the European experience. The level where learning takes place may be less at the level of government and more at a more localized practitioner level. Canada may benefit from taking an indirect approach to the issue and creating the institutional arrangements that allow civil society groups to more easily engage in mutual learning.

## 7. Conclusion

The CPA special issue uses the EU as a mirror to reflect on Canadian social policy governance practices. As we have seen, Canada and the EU have different traditions of continuity and change in formal competence in social policy, in terms of the roles of both the federal (supranational) and constituent units (in Canada provinces and territories; in the EU member states). This working paper has also sought to spell out that in both Canada and the EU there has been movement in the formal powers over social policy and changes in instruments used to create social policy in either system.

We have argued why it may be useful to compare Canada and the EU. We are fully aware that such a comparison is unusual and might not sit well with some readers. Yet we feel that the social policy coordination challenges that Canada faces merit a consideration of the lessons learned from the European case, especially through the Open Method of Coordination. Already some OMC-type practices are being used in Canada in the health and education sectors, and in our view, they are worth examining for other areas of social policy.

The OMC process enables the setting of goals, comparison of best practices, and inclusion of stakeholders in the policy-making process. It offers an intermediate solution to the problem of maintaining the current balance of power, while institutionalizing ways to facilitate comparisons and best practices that include a variety of actors, enabling change to occur. While acknowledging the challenges of using EU ideas in the Canadian context as outlined by our contributors, we nevertheless conclude that the OMC provides processes and institutional arrangements that could give form to SUFA as a new way of doing business and improve Canada's often fractious social policy governance. Is the preservation and improved functioning of our welfare state worth the effort to try to arrive there?

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