



ASYMMETRY AT WORK

**Quebec's Distinct Implementation of Programs
for the Unemployed**

ALAIN NOËL





APPLIED PUBLIC POLICY RESEARCH
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Asymmetry at Work: Quebec's Distinct Implementation of Programs for the Unemployed

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ISBN 978-0-9877827-4-8

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This paper was prepared by Alain Noël. It is one in a series of papers commissioned by the Mowat Centre Employment Insurance Task Force to serve as sources of input for the Task Force as it develops recommendations for reform of Canada's Employment Insurance system.

Executive Summary

This paper considers four recent initiatives that, together, gave the Quebec government some leeway to fashion its own labour market and income support approach. These are: the 1996-1998 National Child Benefit (NCB); the 1998 Canada-Quebec Labour Market Development Agreement (LMDA) and the 2009 Canada-Quebec Labour Market Agreement (LMA); the 2005 Canada-Quebec Final Agreement on the Quebec Parental Insurance Plan (QPIP); and the 2007-2010 adaptations of the federal Working Income Tax Benefit (WITB). Together, these four developments touched on the main dimensions of Employment Insurance (EI) and income security policy in Canada, namely training, parental leave and income support for individuals and families. More importantly, they represented governance innovations that enhanced the role of a provincial government and, potentially, made policies more coherent on a provincial scale. All were achieved by bilateral agreements or understandings between the federal and the Quebec government. These initiatives demonstrate that bilateralism and asymmetry in employment and income programs for working-age adults is not inimical to progressive innovation, policy coherence, good governance, and the diffusion of best practices. Bilateralism and asymmetry is also consistent with the federal principle, and respectful of the diversity of labour market conditions and social preferences within the Canadian federation.

Asymmetry at Work

Quebec's Distinct Implementation of Programs for the Unemployed

Alain Noël

Canada's unemployment insurance program (UI) was born out of a 1940 constitutional amendment that granted exclusive competence over unemployment insurance to the federal government. Both the Supreme Court and the Judicial Committee of the Privy Council had declared an earlier unilateral federal attempt—the 1935 Employment and Social Insurance Act—unconstitutional, and confirmed that unemployment insurance stood entirely within provincial jurisdiction. Popular pressures in favour of a reform remained strong, however, and were reinforced, once the country entered into war, by the perception that programs were needed to prepare for the unemployment that would come with postwar demobilization. In the war context, the reluctance of some provincial governments to accept a constitutional amendment giving new powers to Ottawa appeared almost “unpatriotic” (Pal, 1988: 148-50; Struthers, 1983: 197-99). The compromise option of a concurrent jurisdiction, defended by the just-elected and rather accommodating Quebec Liberal government of Adélard Godbout, was rapidly discarded as well. The Mackenzie King government wanted and obtained full, exclusive jurisdiction. Even employment services, “an area hitherto sacred to the provinces,” ended up “wholly under federal jurisdiction” (Campeau, 2005: 60-67).

Not surprisingly, unemployment insurance came to be defined primarily by unilateral federal decisions and actions, with little input from the provinces (Pal, 1988: 158-59). Until the late 1990s, reform proposals usually entailed more, not less, federal involvement in income security and social services. In the 1970s, for instance, a reformed UI stood as “the centerpiece of Trudeau's ‘just society,’” and it thus constituted a jealously guarded federal prerogative (Campeau, 2005: 83).

Many saw advantages to this federal dominance. In principle at least, a unique, integrated program facilitated labour and capital mobility and allowed the pooling of risks and redistribution across regions and provinces. At the same time, in a regionally segmented labour market, a strictly federal program often proved unresponsive to local or provincial circumstances and, when it did introduce regionally differentiated rules, ineffective in producing coherent and equitable outcomes (Mendelsohn and Medow, 2010). From a governance standpoint, one could question as well the almost complete absence of inputs from provincial governments, even over regional dimensions of the program, except perhaps through the reactive politics of resistance to cutbacks (Banting, 2005: 107 and 119-20; Pal, 1988: 161). At times, unemployment insurance was also used unilaterally to encroach upon provincial jurisdictions—with maternity leave benefits for instance—often resulting in less than optimal social protection (Banting, 2005: 107).

One possible response to this pattern of unilateralism would be to reconsider the roles and responsibilities of the two orders of government in line with agreed upon principles, so as to design a more effective, efficient and accountable income security and labour market regime (Mendelsohn et al., 2010). After all, other federations organize labour market policies differently and, in theory, a number of alternatives appear possible (Noël, 2004). In the United States, for instance, a complex intergovernmental system governs unemployment insurance, which combines federal standards with important state variations (O’Leary and Straits, 2004). The political obstacles to such a principled transformation, however, appear daunting. The Canadian federation—and this is undoubtedly an understatement—is not easy to change, and a redistributive program as political as EI is unlikely to be modified substantially through a purely technical exercise (a similar argument is made for equalization in Lecours and Béland, 2010: 590).

Rather than addressing the issue from such a theoretical and normative perspective, this study uses a set of recent innovations to evaluate the potential of a different arrangement for the governance of programs for the unemployed. More specifically, the paper considers four recent initiatives that, together, gave the Quebec government some leeway to fashion its own labour market and income support approach. Two of these developments pertain to the Employment Insurance program as such, and two to the broader federal income support system. They are:

1. the 1998 Canada-Quebec Labour Market Development Agreement (LMDA) and the 2009 Canada-Quebec Labour Market Agreement (LMA), which devolved some active labour market measures to the Quebec government;
2. the 2005 Canada-Quebec Final Agreement on the Quebec Parental Insurance Plan (QPIP);
3. the 1996-1998 Quebec response to the National Child Benefit (NCB), which was not an agreement as such but nevertheless constituted a specific and accepted way of implementing a pan-Canadian approach aimed at low-income families; and
4. the 2007-2010 adaptations of the federal Working Income Tax Benefit (WITB) to better complement Quebec’s own income support programs.

Together, these four developments touched on the main dimensions of Employment Insurance (EI) and income security policy in Canada, namely training, parental leave and income support for individuals and families. More importantly, they represented governance innovations that enhanced the role of a provincial government and, potentially, made policies more coherent on a provincial scale. All were achieved by bilateral agreements or understandings between the federal and the Quebec government. In some cases, these agreements were conceived in a broader devolution context, in others they were not. Sometimes they involved formal, signed agreements, and sometimes not. Very often, they concerned Quebec only, thus introducing, albeit discreetly, some additional asymmetry in the Canadian federation.

Perhaps because they are still recent, or possibly because they concern relatively arcane issues that raise little political controversies, not much is known about these policy innovations, even though they constitute concrete instances of devolution and of asymmetric arrangements over key Employment Insurance and income security instruments.

The first aim of this paper is thus to present these four initiatives and outline their purpose, institutional features, and achievements thus far. The second, more important, objective is to assess the contribution of these initiatives to the development of new and more flexible forms of governance, conducive to coordinated and coherent labour market and income support programs. To my knowledge, no study has considered these different initiatives as a whole, to evaluate what happens when the federal government gradually allows a provincial government to design its own version of the common Employment Insurance and income support framework. This paper argues that, however limited, this experiment yielded positive outcomes, both from a policy and from a governance standpoint. It is not clear, however, whether it can be broadened or expanded.

The first part of the paper reviews the cases and the literature and identifies core issues at stake in the federal governance of Employment Insurance and income security. The main theme of this section is that, in a federation like Canada, instrumental principles such as effectiveness, efficiency and accountability are not sufficient to guide policy decisions. Then, the policy and governance innovations under study in this paper are examined, and their political significance is highlighted. All of them are by-products of the never-ending game of mutual adjustment between the federal and the Quebec governments. Finally, the significance of this discrete, incremental and unique experiment for the broader reform of Employment Insurance is assessed. It is doubtful that this case can serve as a model for broader reforms. At the very least, however, it points to the relevance and potential of flexibility in the management of the federation. When policy and governance innovations are allowed, the “laboratories of democracy” metaphor may remain a useful representation.

The Politics of Bilateral Agreements

A major theme in the recent literature on Canadian federalism is the increasing difficulty of reforming our institutions and practices. The problem starts with the constitution, which is for all practical purposes locked in, but it does not stop there. The country's electoral system and parliamentary institutions also appear almost impossible to transform. Recognition, self-government and land claims settlements with aboriginal peoples move at a geologic pace. The federal and provincial-territorial governments seem unable to agree on basic rules to govern the economic and social union. And the institutions and practices of fiscal federalism always appear to lag behind the evolution of economic and political reality.

These difficulties are obviously anchored in the country's enduring constitutional impasse, which prevents major institutional reforms and undermines trust among citizens and between governments. Other factors, however, also come into play. Indeed, even within provinces, major changes now seem difficult, whether they concern the electoral system, social programs, or economic development projects.

Whatever their cause, these difficulties tend to favour unilateralism in intergovernmental relations. Unable to obtain multilateral agreements, or even to trust each other, governments often prefer to act alone. The 1999 Social Union Framework Agreement, for instance, an attempt to establish new rules to govern intergovernmental relations, basically vanished out of existence,

without ever having much of an impact on governance or on social policy (Noël et al., 2003). Negotiations with the provinces continued, but the process could hardly qualify as collaborative federalism.

Paradoxically, the main exceptions concerned areas of intervention where federal jurisdiction was relatively well established, without the need to evoke a putative federal spending power. This was the case, for instance, with multilateral or bilateral agreements on child benefits, disability policy, and job training (Noël, 2003: 57). Perhaps because in such cases the need to affirm federal norms and controls appeared less necessary, collaboration seemed easier to achieve.

The four instances considered in this paper belong to this set of exceptions. Chronologically, they are: the 1996-1998 National Child Benefits (NCB), a multilateral (without Quebec but with Quebec in mind) agreement on the reinvestment in family-related programs of provincial social assistance funds made available when the new federal child benefits for low-income families was introduced in 1998; the 1998 Canada-Quebec Labour Market Development Agreement (LMDA), complemented in 2009 by the Canada-Quebec Labour Market Agreement (LMA), which devolved active labour market programs and services to the Quebec government; the 2005 Canada-Quebec Final Agreement on the Quebec Parental Insurance Plan (QPIP), which allowed Quebec to create its own Parental Insurance Plan, outside the Employment Insurance program; and the 2007-2010 adaptations of the federal Working Income Tax Benefit (WITB), which adjusted the federal measure to better fit Quebec's own fiscal choices and priorities.

These four arrangements were born out of very different contexts. The National Child Benefit, for one, was an attempt to define in a more collaborative and multilateral fashion a new, pan-Canadian approach toward low-income families. Formally, the initiative was federal, but it concerned policies fully under provincial jurisdiction and sought to establish new pan-Canadian norms for these policies. The idea was to ensure that provincial governments reinvest in compatible programs the social assistance money freed up by higher federal transfers to low-income families. This is why the Quebec government refused from the start to participate in this initiative, which subordinated policy choices within its own areas of jurisdiction to federal priorities, even though in practice the conditions were not very stringent, and in no way incompatible with Quebec's own policy orientations (Boychuk, 2002: 58-60; Noël, 2002: 16-17). Asymmetry, in this case, was introduced by default, without any agreement.

With active labour market policies, the scenario was different. Formal, bilateral agreements were signed to devolve to provincial governments training programs and services that were financed through Employment Insurance and formally under federal jurisdiction, but were also close to provincial jurisdictions such as education and training. Initiated in the aftermath of the almost victorious 1995 Quebec referendum on sovereignty, this devolution was meant to show that Canadian federalism could be reformed so as to grant more autonomy to the Quebec government. To avoid any suggestion of "special deal" or asymmetry, however, bilateral agreements were signed with other provinces as well, starting with Alberta in 1996 and ending with British Columbia in 2008 (Wood and Klassen, 2008: 337-38). As a result, all parties signed formal agreements, in a bilateral and relatively symmetric fashion.

By contrast, the 2005 Canada-Quebec Final Agreement on the Quebec Parental Insurance Plan was and remained unique. This agreement responded to a demand articulated by the Quebec government at least since the late 1980s, which became the object of a broad social mobilization in the 1990s. At the October 1996 Summit on the Economy and Employment, in particular, representatives from business, trade unions, and community organizations all agreed with the Quebec government on the creation of a distinct parental insurance provincial plan, to be financed by the recuperation of a portion of Quebecers' unemployment insurance contributions. The federal government refused this idea from the outset, and the first negotiations in 1997 only confirmed the impasse. Despite broad agreement within Quebec society and the unanimous adoption by the National Assembly of a law creating the new regime in May 2001, a truce with Ottawa remained elusive. In March 2002 the Quebec government took the case to court, contesting the constitutionality of the federal use of EI to provide maternity leave benefits (Giroux, 2008: 20-34). In January 2004, the Quebec Court of Appeal ruled that indeed this practice was *ultra vires*. The federal government immediately appealed and the Supreme Court reversed the decision in October 2005, on the basis of a "living tree," rather than "originalist," interpretation of the constitution (Calder, 2006: 106-09).

Meanwhile, however, the political context had changed. First, in April 2003, the Quebec Liberal party of Jean Charest defeated the Parti Québécois government of Bernard Landry. Charest was not more committed to the project of a distinct Québécois parental insurance plan than his predecessor, but he obviously had a less antagonistic relationship with the federal government. Second, and more importantly, in December 2003 Prime minister Jean Chrétien, who more than once had expressed his fervent opposition to any agreement on parental leave benefits, resigned and was replaced by Paul Martin. With a general election coming, and the need to counter in public opinion the damages of the sponsorship scandal, Martin appeared willing to consider changes that could improve his standing in Québec. The January 2004 ruling of the Quebec Court of Appeal, even though it was contested, also reinforced Quebec's hand (Giroux, 2008: 85-87). Negotiations resumed, and an agreement in principle was signed in May 2004, and confirmed by a final agreement on March 1, 2005 (Giroux, 2008: 33-34).

The fourth initiative was, at least in principle, Canada-wide, and it could be seen as an expression of Stephen Harper's idea of open federalism. Indeed, it was introduced with the 2007 Budget, deemed by Thomas Courchene as the best realized expression of this new vision of federalism (2007: 16). On this occasion, the Harper government emphasized the constitutional division of powers, improved and restructured the Canada Social Transfer, and established new and coherent rules for the equalization program. In the same spirit, albeit in a less spectacular, hardly noticed fashion, the federal government introduced a new and flexible Working Income Tax Benefit (WITB) to improve the earnings of employed low-income Canadians. The presentation of this new measure explicitly recognized the role of provincial and territorial income support programs and stated that the federal government was prepared "to consider province- or territory--specific changes to the design of the WITB to better harmonize it" with these programs, as long as these changes built on actions already taken by the provinces or territories to improve work incentives for low-income households, remained cost-neutral for the federal government, assured a minimum benefit level to all WITB recipients, and preserved the harmonization of the WITB with other federal programs (Department of Finance, 2007: 80-81). In the following years, British Columbia, Nunavut, and Quebec took advantage of this flexibility to design their own version of the WITB, while other provinces maintained the standard federal

version (Battle, 2009). In Quebec, the main preoccupation in this case was to reach childless low-income workers, less favored by the programs put in place since the late 1990s, which primarily targeted families with children (Ministère des Finances, 2010: 136).

The four initiatives considered here involved bilateral agreement. The LMDA and QPIP derived from formal, high-level contracts signed by ministers while the WITB followed a discreet arrangement reached by civil servants and the NCB expressed a tacit understanding to proceed as if there was an agreement, but they were all bilateral affairs. In all cases, though, the federal government defined a broad framework of principles and norms that, in theory, could apply to all provinces willing to avail themselves of an agreement. Even with the QPIP, a truly ad hoc arrangement that strictly responded to a Quebec demand, it is at least conceivable that another provincial government could ask for the same treatment.

This turn toward bilateralism has received mixed reviews in the literature on Canadian federalism. Scholars disagree both on the significance of the trend and on its normative implications. For some, mostly in Quebec, these bilateral agreements, however useful, appear too limited and marginal to speak of a genuine renewal, in a federation that remains inimical to decentralization and asymmetric arrangements (Caron and Laforest, 2009; McRoberts, 2009: 452 and 460; Noël, 2008: 34; Seymour, 2009: 209). Without fully rejecting this pessimistic evaluation, Gérard Boismenu and Peter Graefe qualify it by noting that intergovernmental relations have changed in recent years, with the introduction of new policy instruments and an increased use of bilateral arrangements, which reflect a weaker federal stance in social policy negotiations (2004: 75 and 86). It is precisely this perceived weakness of the federal government that worries many scholars outside Quebec, who fear the loss of national standards and accountability, once social policies become “subject to the political winds in provinces and territories” (Kershaw, 2006: 199).

The recent assessment of workforce development policy prepared by Donna Wood and Thomas Klassen is a case in point. Acknowledging that they have not yet been able to establish the impact of existing bilateral agreements “on policy and programming outcomes” or to determine “whether there are significant differences between jurisdictions” (2009: 264), the authors nevertheless conclude that “a series of segmented, bilateral, executive dominated, federal-provincial agreements are likely inadequate to achieve national workforce development goals and have the potential to balkanize programs across the country, hollow out the centre, and undermine Canada’s political union” (267). This is quite an impact for a set of bilateral labour market agreements that remains unknown to most Canadians. But there is more. Without a better integrated intergovernmental process, “Canada will almost certainly fall considerably short in its efforts to have the best educated, most skilled, and most flexible workforce in the world” (267).

Obviously, then, there is no consensus in the literature on the reality and significance of the turn toward bilateral agreements observed here. Some think the phenomenon remains marginal and insufficient to qualify as a genuine transformation; others consider it signals the beginning of an ominous trend. These judgments, of course, reflect the very different readings of Canadian federalism that prevail in Quebec and in English Canada (Rocher, 2009). If we take the case at face value, however, it seems safe to say that the observed evolution stands somewhere between marginal and ominous.

The developments presented here did not stem from a plan, and did not even form a sequence. They emerged more or less independently, through mutual adjustments and negotiations over different policy issues. In the end, they nevertheless formed a relatively consistent pattern, and brought a modicum of decentralization and asymmetry in a federation that does not change easily. Quebec scholars overlooked this evolution because it was circumscribed to a few policy issues and took place in a rather haphazard and disjointed fashion. They remained skeptical. In English Canada, some negative comments were expressed, but they concerned specific elements, such as the NCB or the LMDAs, more than the overall evolution, which was also left unnoticed. Most of these comments manifested a recurrent, but not always well documented, preoccupation with the “provincialization of social policy” (Boychuk, forthcoming; Osberg, 2000: 214).

Consider once again, as a starting point for a more temperate and constructive argument, the conclusions of Wood and Klassen, who stress the inadequacy of “segmented” and “executive dominated federal-provincial agreements... to achieve national workforce development goals” (2009: 267). It is true that intergovernmental relations remain governed by political considerations and conflicts, and that they often produce less than coherent or optimal policies. Such a critique, however, may assume too much. First, even in a unitary state, labour market and income security policies are the product of bargaining and deliberation among a number of actors, and they naturally embody tensions and contradictions. Second, nobody knows for sure what it takes to obtain “the best educated, most skilled, and most flexible workforce in the world.” As a matter of fact, the options at stake lie at the heart of the contemporary conflict between conservatives and social democrats, the former betting on market mechanisms, the latter on public investment (Boix, 1998; Huo, 2009). Third, in a federation, the diversity of social and political trajectories may be a good in itself. As Patrick Fafard et al. reaffirm in a recent article, a federation is not simply an institutional arrangement that can be judged by the efficiency and cohesion of its policies, but also a regime created to foster mutual trust between various entities sharing a common political space (2009: 560-61).

These three arguments add up. If labour market and income security policy is always an imperfect compromise between social actors, if a unique “best way” can never be established with certainty, and if the diversity favored by a federal arrangement constitutes a good in itself, then the capacity to reach a definitive and integrated “national” approach may not be the best criteria to assess emerging forms of governance and policy instruments. When it is not possible to determine theoretically the best policy response to a problem, and when there are good reasons to think that different collective preferences and social contexts may call for distinct solutions, non-hierarchical, decentralized policy-making holds more promise than centralized or hierarchical responses. This is the logic behind the well-known metaphor of “laboratories of federalism” (Kerber and Eckhardt, 2007). In such cases, there is no need to choose between efficiency and the normative principles associated with federalism: efficiency and social justice can be well served by a decentralized arrangement.

With these theoretical considerations in mind, this paper probes the recent transformations in the governance of the Canadian Employment Insurance/income security regime from the bottom up, so to speak. Rather than focusing on general intergovernmental relations mechanisms or on putative pan-Canadian objectives, the analysis considers public policy from the standpoint of one province, Quebec, where devolution has been most important. Policies that

may appear unsatisfying or incoherent from a pan-Canadian perspective may well look better once viewed in light of the labour market requirements, institutions, and choices of a single province. If this is the case, devolution may then emerge as a coherent and efficient strategy.

Asymmetry at Work

One of the reasons Quebec scholars did not pay much attention to the new politics of bilateral agreements was that, viewed from the province, these arrangements merely seemed to confirm that the Quebec government could pursue its own course of action in areas that belonged to its jurisdiction, possibly with some light but still debatable reporting requirements (Graefe, 2008: 93-94).

The National Child Benefit was a case in point. The Quebec government was never involved in the intergovernmental negotiations that led to the 1998 announcement of the program. Only present as an observer, Quebec expressed repeatedly its general agreement with the common objectives but strong disapproval over issues of jurisdiction. The following note, taken from a 1998 federal/provincial/territorial document, was typical:

Quebec agrees with the basic principles of the National Child Benefit, which aims to increase resources available for poor children and promote employment retention and the return to work. The family policy implemented by Quebec is consistent with this orientation. However the Government of Quebec has not taken part in the development of the National Child Benefit because it wishes to assume control of income support for the children of Quebec. Consequently, any reference to joint federal, provincial and territorial positions in this text does not include Quebec (quoted in Warriner and Peach, 2007: 93).

When the different governments agreed on a framework that would ensure that provincial governments reinvest in family policy the social assistance money made available as a result of improved federal transfers to low income households, they also accepted, implicitly, that Quebec would do as it wished. Two factors explained this unspoken compromise. First, Quebec was already pursuing policies compatible with the National Child Benefit. In fact, the province had moved earlier than any other government except British Columbia to introduce income-tested child benefits, and it went further than others in this respect (Boychuk, 2002: 58). Quebec's non-participation, noted Ken Battle, one of the leading advocates of a pan-Canadian child benefit, would dash the hope of a pure "national standard" but the "benign result would be a higher combined federal-Quebec level of child benefits for Quebec's low-income families" (1999: 59). Second, the NCB agreement was not very demanding for participating provinces. Provincial governments were not asked to respect set norms or standards, to commit resources, or to modify programs (Battle, 1999: 51 and 58; Boychuk, 2002: 59-60). In fact, given the number of programs accepted as compatible with the NCB and the fungible character of any public transfer, this agreement was largely symbolic.

In the circumstances, it is not easy, indeed not feasible, to assess what the Quebec government does with the resources made available by the NCB. In a recent study comparing the paths taken by Quebec and Ontario, Deena White acknowledges that the Quebec government does

not account for its use of the funds made available by the introduction of the NCB, but nevertheless concludes that Quebec's new family policy is very much in tune with the program's priorities (2008: 181-82).

Overall, provincial governments invested NCB resources in the provision of day care services, the introduction of working income supplements, and the development of new programs for children at risk (White, 2008: 177). In Ontario, the bulk of the effort went toward measures to make work pay, which combined some new financial incentives with a downward revision of social assistance standards. In Quebec, social assistance was also reformed to encourage work, but primarily with positive incentives. The most significant reforms took place in family policy, with the combined objectives of improving the earnings of low-income households, enhancing work-family conciliation, and contributing to early childhood development. New income supplements and children allowances were created, a universal low-cost early day care and early childhood development program was introduced, and a renewed parental insurance program was put in place.

These innovations, as White notes, were announced in 1996, before the NCB agreement was reached, and they were implemented gradually between 1996 and 2006. There is no doubt that they would have taken place without the NCB. Indeed, the scale of the NCB simply does not match the scope of Quebec's family policy.

Consider the following figures. In 2007-2008, total provincial/territorial "reinvestments" associated to the NCB in participating provinces and territories were estimated at \$586.4 millions (National Child Benefit, 2010: 13). Based on the 2008 population of the provinces and territories other than Quebec, this total reinvestment amounted to \$22.94 per person (population data drawn from Statistics Canada, 2010). At that rate, if we assumed a uniform reinvestment per capita across provinces and territories—a rough but reasonable assumption—the total for Quebec in 2008 would have been about \$178 millions, if the province had been included in the NCB progress report. If instead we used as a benchmark the 2007-2008 reinvestments in the most committed province—British Columbia—the estimate for Quebec would go up to 407 millions. Whatever the case, these sums would have represented very modest amounts compared to the overall cost of the province's family policy, which reached \$5.1 billion that year (Ministère des Finances, 2008: E16).

Alone, public expenditures on child care for children under five totalled \$1.8 billion (2008: E8), roughly ten times the NCB reinvestment estimated for Quebec on a pan-Canadian basis. More to the point, this modest, notional federal contribution did not even match the fiscal loss Quebec citizens incurred because of their low-cost day care system. In 2008, economist Claude Laferrière calculated that the federal government saved at least \$300 million through the reduction of child care tax deductions associated with Quebec's family policy (2008: 14; for an update, see Laferrière and Montreuil, 2010). A simple correction for this tax effect, which penalizes the provincial choice of a low-cost public option, would have contributed more to Quebec's family policy than the estimated NCB reinvestments.

The NCB, of course, also included direct transfers to families, which were much more significant than the provincial "reinvestment" component. In 2008-2009, throughout Canada the federal government transferred \$9.4 billion to low and middle income families with the Canada

Child Tax Benefit (CCTB) and the National Child Benefit Supplement (National Child Benefit, 2010: 5). If we add these transfers, the 2006 universal child care benefit, and the 2007 non-refundable tax credit for children, the federal government transferred \$3.6 billion to Quebec families in 2009 (Ministère des Finances, 2009: 1; on the 2006 and 2007 federal budget, which brought these two new federal benefits, see Hale, 2008: 39).

The end result in Quebec was a significantly renewed and coherent policy framework, which very much improved the situation of low- and middle-income families. Family allowances and working income supplements combined with subsidized day care services and a generous parental insurance plan to fashion a new equilibrium in Quebec, favorable to early childhood development, labour market integration, women's employment, poverty reduction, and even population growth (Godbout and St-Cerny, 2008; Ministère des Finances, 2009). In an empirical, gradual fashion, the Quebec government followed a path of welfare state adaptation compatible with women's new roles in the family and in the labour market, and favorable to employment, equality, social development, and demographic renewal (Esping-Andersen, 2009).

Once again, Quebec's accommodation to the NCB was only a small part of the story. Still, it could at least be said that the NCB did not prevent a major policy transformation that saw Quebec creating its own, distinct, family policy model. Put another way, it remained possible for Quebec, within the loose framework agreed upon by others, to pursue its national objectives, in areas within its own jurisdiction. This is hardly a superlative achievement for a federation, but it nevertheless constitutes a positive outcome, in an intergovernmental context more often marked by distrust, conflict, and stalemates.

During the same period, at the end of the 1990s, new bilateral Labour Market Development Agreements (LMDAs) were negotiated, with the aim of transferring to the provinces most of the Employment Insurance funds devoted to active labour market policies. Specifically, these funds concerned training programs, job creation measures, and wages and earnings subsidies. Devolution also involved counseling and placement services for EI recipients. Some provinces sought and obtained a full transfer of funds and responsibility, while others preferred to be involved in planning and management without taking charge of the actual implementation of programs and delivery of services. The bulk of the agreements were signed in a few months, between December 1996 and April 1997 (Klassen, 2000: 174-76). In Quebec, not surprisingly, the April 1997 agreement involved a full transfer of funds and responsibility. Ottawa agreed to transfer 1,022 staff positions and \$457 million (in 1997-1998; \$594 million by 2000-2001), with the understanding that Quebec would respect federal Employment Insurance funding and eligibility rules and would ensure accountability and evaluation.

Quebec's main objective was to integrate all active labour market programs for the unemployed, whether they were EI clients, social assistance beneficiaries, or persons without public income support. For this purpose a new autonomous agency, *Emploi-Québec*, was created, bringing together all the personnel and services involved in active labour market programs, whether they were associated previously with Human Resources Development Canada (HRDC), the *Ministère de la Sécurité du revenu* (social assistance), or the *Société québécoise de développement de la main d'oeuvre* (SQDM; the tripartite agency governing Quebec's own active labour market programs). The initial steps proved difficult, because employers and unions worried about the integration of social partners representing the community sector, and

about the potential clash between the top-down, control-oriented management of social assistance and the more collaborative, market-oriented traditions of conventional labour market policies (Saint-Martin, 2001). Early complaints and glitches transpired in the public sphere.

Soon, however, Emploi-Québec vanished from the news and went on designing and implementing labour market programs. In 2002-2003, the agency was spending \$792 million on active labour market measures, \$591.5 million of which came from the Canada-Quebec Agreement, the rest coming from Quebec's own funds (Emploi-Québec, 2002: 19). Over the years, Ottawa's contribution remained stable (\$596.8 million in 2008-2009), but Quebec's share grew, especially after the 2008 Pacte pour l'emploi—a policy package designed to boost labour market participation—so that the total budget for active measures reached \$953.5 million by 2008-2009 (Emploi-Québec, 2008: 52).

In conformity with the Canada-Quebec agreement, funds that came from Employment Insurance were only spent on persons that qualified given EI rules, which meant that the bulk of those who participated in measures belonged to this category. The funds added by Quebec nevertheless extended coverage. In 2008-2009, for instance, there were 180,967 participants covered under the Employment Insurance umbrella, 78,464 through social assistance, and 50,739 with no program affiliation, coming as persons who did not receive public income support (Emploi-Québec, 2010).

Among the provinces, Quebec was alone in using its own funds to extend coverage in such a way. It also was distinct in evaluating systematically the effects of such a strategy. Indeed, because it offered the same programs to EI eligible clients, social assistance beneficiaries, and persons without public income support, Emploi-Québec was in a unique situation to evaluate the impact of active measures on these various groups. In December 2003, the Ministère de l'Emploi, de la Solidarité sociale et de la Famille released a thorough study assessing the gross and net effects of the different measures offered by Emploi-Québec (SOM, 2003).

Five types of programs were considered: 1) collective employment preparation for the young or for long-term unemployed; 2) short-term individual counseling for job seekers; 3) full-time training and education (literacy development, language acquisition, skills-upgrading); 4) social insertion measures for those most distant from the labour market; and 5) wage subsidies, aimed at persons who otherwise would not be easily employable. The study surveyed a large proportion of those who participated and completed their program in 2000 (experimental group), as well as a large number of otherwise similar non-participants (control group). Econometric techniques were used to match the two groups and correct, in particular, for selection biases. In the experimental group, 2,776 persons responded to the survey and consented to have their personal information used to match their profile with non-participants; the control group counted 1,447 persons. In the experimental group, respondents included EI-eligible clients, social assistance beneficiaries, and persons without public income support, but the latter were not represented in the control group, since the relevant population could not easily be identified.

The results of this study were rich and detailed. The crux of the matter, however, was that a majority of respondents (76 per cent) had a job eighteen months after they completed their participation, most of them since at least six months. Respondents who qualified for EI programs

and those without income support were more likely to be in employment than those who came from social assistance (SOM, 2003: 12-13). These, however, were gross results. To assess the real impact of the different measures, the study considered as well the fate of non-participants, who also could end up with jobs, without the help of training or insertion programs. When this was done, net effects were calculated, to establish the true difference active labour market measures made.

With gross results, EI recipients appeared as the main beneficiaries of active measures. The story turned out to be very different when net effects were measured, because social assistance recipients were much less likely to find employment without active support. Net effects were positive across all categories, but not to the same extent. For persons who received Employment Insurance when they started participating, the measure made a difference of six percentage points in the probability of holding a stable job eighteen months after completion (SOM, 2003: 187). For those who did not receive Employment Insurance at the time but qualified for EI programs (because, for instance, they had received Employment Insurance in the previous three years; a good proportion of these persons were social assistance beneficiaries), the same net effect rose to 19 percentage points (155). Finally, for participants coming from social assistance, there was a difference of up to 22 percentage points (113). Comparable net effects could not be established for persons without public income support, for lack of a control group.

The results of this elaborate, quasi-experimental study ran counter to the largely pessimistic assessment of active labour market programs that long dominated the international literature (for example, Heckman et al., 1999; Wunsch and Lechner, 2008: 134). Recent studies and meta-analyses on this question, however, have been more favorable. These studies showed that positive effects could appear once specific programs were considered, job search assistance, private incentive schemes and training being more effective than subsidized public employment (Card et al., 2010; Kluve, 2010). One should note, as well, that few studies ever compared social assistance and unemployment insurance recipients. American evaluations tend to focus on programs aimed at welfare recipients; European ones on unemployment insurance beneficiaries (Huber et al., 2009). It may well be that active measures make more difference for persons further remote from the labour market (Heinesen et al., 2011). In line with much of the recent literature, *Emploi-Québec's* assessment pointed to the positive impact on employment of training, counseling, and wage subsidies, an impact that existed for both men and women, and that proved particularly significant for older participants. The study documented as well other positive impacts, on incomes, personal motivation, and self-esteem for instance (SOM, 2003: 245). Most importantly, it demonstrated that the Quebec government was right to use its own funds to offer active measures to persons not eligible under the Canada-Quebec LMDA. Not only was the net effect more important for these persons, but for many it also translated into a definitive exit from social assistance (244).

Building on this analysis, a further *Emploi-Québec/SOM* study published in 2006 estimated the relative costs and benefits of active labour market measures aimed at different categories of persons, something that was hardly ever done in the literature (Card et al., 2010: F476). Taking into account the cost of a measure, its impact on individual employment and income, and the difference this impact made for public expenditures and revenues, this new study concluded that programs aimed at persons on social assistance and at persons who recently qualified for EI but were not currently receiving EI benefits, became, in just a few years, profitable for

society, whereas measures targeted at current EI recipients were never justified from a strict cost-benefit perspective, because they did not produce a strong net effect and, in fact, contributed to lengthen a person's reliance on Employment Insurance (SOM, 2006).

In February 2008, the Quebec government presented these results, which vindicated its encompassing approach to active labour market policies, at a federal-provincial-territorial workshop in Montréal (Serge Hamel, personal correspondence).¹ In the following months, the federal government signed new, complementary, bilateral agreements with all the provinces and territories. These additional agreements, called Labour Market Agreements (LMAs), provided new funds to extend active labour market measures to persons on social assistance or without income support, not eligible under EI rules. Across Canada, the federal government committed \$500 millions per year to these LMAs, and it added another \$500 million for 2009-2010 and 2010-2011, for a two-year Strategic Training and Transition Fund that was introduced as part of the Economic Action Plan announced with the January 2009 budget (Human Resources and Skills Development Canada, 2010).

For the Quebec government, this new bilateral agreement represented an extra \$116 million per year to invest in active labour market programs. For other provincial and territorial governments it appeared as an occasion to extend coverage and include persons previously not reached by the LMDAs (Ministère de l'Emploi et de la Solidarité sociale, 2010a: 35). With the additional commitments associated to Quebec's 2008 Pacte pour l'emploi, and the further amendments to the LMDAs and to the LMAs made necessary by the January 2009 Economic Action Plan, Quebec's total budget for active labour market rose to \$1,114 million in 2009-2010 (Emploi-Québec, 2009: 37). This was a demonstration, noted a Quebec senior civil servant, that "asymmetry for Quebec may end up benefiting all provinces, and favour as well a greater coherence of action in employment measures."

Ottawa and Quebec probably could go further in supporting labour market integration and in coordinating their actions, but in the end the implementation and evolution of their bilateral labour market agreements appeared not as a negative case of deficient policy and inadequate governance but rather as one of successful devolution, conducive to innovation and the broader diffusion of best practices. As with family policy, it would be hard to make the case that Quebec's distinct policy orientations detracted from the objective of defining and implementing better active labour market policy in Canada. It would be difficult as well to maintain that a uniform, pan-Canadian standard would have guaranteed a better outcome. In fact, Quebec had to break the EI standard, with its own financial resources, to demonstrate that a better approach, one that was at the same time more inclusive and more profitable, was possible.

The pattern was similar with the Quebec Parental Insurance Plan, which replaced the EI funded maternity and parental leave on January 1st, 2006. The federal measures offered 15 weeks of maternity leave and 35 weeks of parental leave, the latter to be shared as they wished by the parents. The program covered those who qualified for Employment Insurance, and replacement rates were set at 55 per cent of insured earnings, up to a maximum yearly insurable earnings of \$43,200 in 2010 (leading to a maximum benefit of \$457 per week), with a two-week unpaid waiting period (Service Canada, 2010a). The Quebec Plan also included a maternity leave (15 or 18 weeks, depending on the plan chosen by the parents) and a parental leave shared by the parents (32 or 25 weeks), but offered as well a paternity leave (3 or 5 weeks). All of these

options came with replacement rates that varied between 55 per cent and 75 per cent of past earnings, depending on the plan chosen (basic or special) and on the type of leave. The maximum insured earnings in 2010 was \$62,500, and there was no unpaid waiting period (Ministère de l'Emploi et de la Solidarité sociale, 2010b). Most importantly, because the Quebec Plan was not based on EI rules, eligibility was determined not by the number of hours worked, but rather by past earnings. This implied that self-employed workers could be covered as well, as long as they earned a minimum of \$2000 in the previous year (Conseil de gestion de l'assurance parentale, 2009a: 4).

This new parental insurance plan moved Quebec closer to the most generous welfare states of continental Europe, with parental leaves and replacement rates not far behind those of Scandinavia, but with more generous provisions for self-employed workers (Conseil de gestion de l'assurance parentale, 2009a). Not surprisingly, the program proved very popular, with very high approval rates in polls, among the general population as well as among the program's direct beneficiaries (Conseil de gestion de l'assurance parentale, 2009b: 18). Take up rates became higher than expected, in part because the program, combined with other measures such as low-cost day care and new income support programs for families, contributed to a significant increase in births, and in part because fathers manifested more interest than expected in the paternity leave (Conseil de gestion de l'assurance parentale, 2009b: 18).

One must be prudent in assessing the impact of such a recent program. A brief analysis by Claude A. Garcia of the Institut économique de Montréal nevertheless suggests significant effects. First, the number of births did increase, going from 76,300 in 2005 to 81,900 in 2006, 89,100 in 2009, and possibly 90,000 in 2010 (2010). Births also increased elsewhere in Canada during the same period, but not as rapidly. On this comparative basis, Garcia estimates that over half the increase in Quebec—about 6,600 births—can be attributed to the QPIP (*ibid*).

Making a similar comparison for the employment rate of women between 25 and 54 years old, Garcia finds two jumps in the Quebec trend. The first one, an increase of more than two percentage points, occurred in 2002, presumably as a result of investments in day-care services that doubled between 1999 and 2002. The second, of a similar magnitude, came in 2007, following the introduction of the QPIP. The participation rate of women outside Quebec increased at a pace three times slower during the same period. By 2007, the employment rate of Quebec working-age women had surpassed that of their Canadian counterparts, even though the overall participation rate of Quebecers remained slightly below that of Canadians. If the participation rate of Quebec women had grown at the Canadian rate during these years, notes Garcia, 92,000 Quebec women would have been out of employment in 2009, and the loss in work incomes for that year alone would have amounted to \$3 billion (*ibid*).

Garcia also considers the paternity leave introduced by the Quebec Parental Insurance Plan, which turned out to be much more popular than expected when the program was designed. The author is less sanguine about this aspect of the program, which he sees as costly and ineffective in bringing fathers to share parenting responsibilities. He points to the fact that, even prior to 2006, in the context of the EI parental leave, Quebec fathers were more likely to take a leave than were fathers elsewhere in Canada, and concludes that the QPIP hardly modified an already existing trend (*ibid*). In this case, however, Garcia's comparison seems less convincing because he compares a shared parental leave, which still exists in the QPIP, with a specifically

paternal leave. This paternity leave, argues Diane-Gabrielle Tremblay, is very different because it introduces a new right that fathers can claim in the workplace, along with replacement rates sufficiently generous to allow them to exercise this right. As is the case in Scandinavian countries, Quebec's paternity leave does contribute significantly to the involvement of fathers in parenting (Nicoud, 2010; Tremblay, 2010: 95).

The only downside of the QPIP is its rising cost, largely associated to its positive impact on couples' decisions to have children. Premiums have increased each year since the introduction of the program, and the program's administrators continuously struggle to maintain a balanced budget. The government argues that the growing cost of the program is justified by its impact on demographic growth and on labour force participation, but employers complain, suggesting that a somewhat less generous program could probably have the same effects (Presse canadienne, 2010).

The Quebec plan may have had an impact on EI. Indeed, in the 2008 Speech from the Throne and in the 2009 Budget, the Harper government made a commitment to amend the Employment Insurance program so as to provide special benefits (including maternity and parental leave) to self-employed workers. A Fairness for the Self-Employed Act was adopted in December 2009, which allowed self-employed workers to opt in and pay premiums that would qualify them, after twelve months, for EI maternity, parental, adoption, medical and compassionate-care benefits (Service Canada, 2010b). It is not yet possible to assess the impact of a measure that only yielded its first benefits in January 2011, but it can at least be said that the new federal legislation is very different from the Quebec model. Indeed, because participation remains voluntary, the federal measure stands at a good distance from standard social insurance principles, and raises serious questions about the viability of an insurance that would only be subscribed by those most likely to make claims, namely young couples planning a family.

In a November 2009 submission to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities regarding the Fairness for the Self-Employed Act, the Canadian Labour Congress (CLC) expressed its strong support for the Quebec Parental Insurance Plan, noting that in this case participation was mandatory for all self-employed workers, as it was for all employees. The CLC worried that a low participation rate in the new EI program for self-employed workers would lead to increased EI premiums for all, and eventually to declining public support for special benefits (Canadian Labour Congress, 2009). Unlike Quebec, however, the federal government may not have had the option to create a new, distinct parental insurance plan, since this would probably have been unconstitutional. To make the program mandatory, the government would have had to impose regular EI premiums on self-employed workers, a solution that was probably not possible either. The best option, in this case, may well have been to resort once again to bilateral agreements, and allow willing provinces to introduce their own parental insurance plan. There was probably not, however, tangible provincial appetite for such an option.

The fourth program considered here, the Working Income Tax Benefit (WITB), was a federal initiative. In the 2007 budget, the Harper government introduced this new tax benefit to supplement the earnings of low-paid workers. Observers welcomed the initiative because low-income working-age adults have been largely forgotten in recent federal budgets, but they pointed as well to its limited character. At its maximum, the 2007 credit offered \$500 to a single

worker, and \$1,000 to a family, as long as their net income ranged between \$9,500 and \$12,833 for individuals and between \$14,500 and \$21,167 for single parents or couples (Stapleton, 2007). For all practical purposes, this meant that a person working full-time and all year at the minimum wage could not receive a benefit. The measure presumably targeted persons leaving social assistance and working either part-time or for less than a full year (Battle, 2009). The WITB was improved, however, with the 2009 budget, to provide a higher maximum benefit (\$925 for single individuals, and \$1,680 for single parents and couples for 2010) and cover workers with higher net incomes (\$16,667 for individuals, and \$25,700 for families for 2010), an income level that stood just above the level of a full-time, full-year minimum wage (Battle, 2009).² Quebec's own version of the WITB, made possible by the flexible character of the federal measure, was designed to favor households without children, with maximum benefit that went up to \$1,553 for individuals and to \$2,401 for couples without children (Canada Revenue Agency, 2010). Combined with the province's own work premiums, these benefits added up to more than \$2,000 in income supplement for individuals, and more than \$3,200 for couples without children (Ministère de l'Emploi et de la Solidarité sociale, 2010c: 25).

In September 2009, the Ontario government-sponsored Institute for Competitiveness and Prosperity released a paper calling for a "Made in Ontario" WITB, on the ground that like Quebec, British Columbia and Nunavut, Ontario could obtain a better fit between its social assistance and income support policies than what was offered by the nominal, federal design (Milway et al., 2009). Again, the idea that social policy innovations could come in different variants was making its way.

Laboratories of Democracy

The idea that justice and coherence are best served by centralized and uniform policies is a powerful one in social thought, and it is reinforced by national ambitions, when the central government is seen as a key nation-building instrument (Banting, 2005; Simeon, 2006). This idea underpinned, in Canada, the creation and development of unemployment insurance. If the country was to have a solid and socially legitimate economic union, it needed an integrated unemployment insurance that would pool the risks and treat all citizens fairly, if not equally. There was little room in this vision for the federal nature of the country, even though most of the associated social programs—notably in social assistance, education, and family policy—remained in the hands of provincial governments.

Almost by accident, through a series of loosely connected decisions, some decentralization and asymmetry was introduced in the income support/Employment Insurance regime, starting in the late 1990s. Few observers noticed, and those who did were either skeptical that much had happened, or worried about the loss of policy integrity and the potential hollowing out of the centre. In fact, if we consider what happened with the National Child Benefit, the Labour Market Development Agreements, the Quebec Parental Insurance Plan, and the Working Income Tax Benefit, we find mostly progressive innovations, which produced coherent results, at least within Quebec, and promoted change through diffusion across Canada.

Quebec's family policy cannot be portrayed as an outcome of the pan-Canadian politics of child benefits. It emerged before the NCB was created and involved resources and ambitions that went much beyond the relatively modest scope of the federal program. If anything, Quebec's choices were constrained or contradicted by existing federal programs, as was clear with the childcare expenses deduction or with the Universal Child Care Benefit. Still, the development of this distinct policy framework remained possible within the existing constitutional and policy framework, and it demonstrated the potential for innovation in a decentralized, asymmetric, and to some extent bilateral context.

The evolution of labour market agreements was even more revealing because they involved specific, formal bilateral agreements, directly tied to the Employment Insurance regime. In this case as well the Quebec government went beyond the federal standard to offer active labour market measures to social assistance beneficiaries and to persons without public income support. This experiment proved successful, more so in fact than the approach mandated by the LMDA, and by 2009 it was accepted and adopted by the other governments of the federation. The same cannot be said of the Quebec Parental Insurance Plan, but again a bilateral, asymmetric arrangement produced progressive policies that completed Quebec's general policy framework and were well received, and much used, by citizens.

The QPIP experiment created an opening in federal policy in favour of self-employed workers, but this opening appeared partial and not very coherent, probably because of the constraints created by the still awkward use of Employment Insurance to provide maternity and parental leave benefits. Finally, the more modest and discrete experiment with the federal Working Income Tax Benefit also pointed to the advantages of a decentralized, asymmetric approach.

This paper started with three arguments. The first concerned the always political foundations of social policies, and emphasized their imperfect, tentative character, as products of bargaining and deliberation among a number of actors. The second stressed the inherent uncertainty of policy innovations, which constituted imperfect responses to evolving challenges. And the third underlined the value of diversity in a federation, and the possibility that citizens might not always share the same policy preferences. Our findings about asymmetry at work were consistent with these arguments. Through a complex, multi-level process, social and labour market policies changed significantly in the late 1990s and 2000s and, at least in Quebec, it was for the better. The governance framework, if one can even speak of such an entity, was never neat and tidy, the results remained uneven, and the outcome was not an integrated pan-Canadian arrangement. But innovations were realized, progress was made, and ideas and models spread around. In a federation that usually proved rigid and inimical to change, this was a more than modest achievement. A more integrated, uniform arrangement might not have produced as much.

Conclusion

The Mowat Centre Employment Insurance Task Force is concerned by challenges facing coverage, by governance issues, and by the coordination of the country's different income support

programs. This study does not address all these questions, but it casts some light on many issues associated with each set of challenges.

First, a close look at policy developments within Quebec allowed us to see that the story of the 1990s and 2000s was not solely one of declining coverage and social protection, even though such an evolution remained unmistakable (Banting, 2006; Mendelsohn and Medow, 2010: 3). New programs were also introduced to support families, facilitate labour market integration, help conciliate family life and work, and redistribute income, very much in the perspective advocated by promoters of a Third Way or of a new architecture for the welfare state (Esping-Andersen, 2009; Huo, 2009). These programs left many issues pending, but they nevertheless contributed to an increase in women's employment, to support for early childhood development, to the reduction of poverty and inequality, and to sustained demographic growth. Any attempt to review Employment Insurance and income support for Canadians should take these results into account.

Second, this study suggests that governance challenges need not be met by the introduction of strict principles and strongly codified working rules. Economists have long sought to establish rational rules for revenue and expenditure assignments in federations, but the empirical reality always defies their clean models. As Richard Bird noted, a country's institutions are forged through history, and not always in a neat and principled fashion (1986: 402). In a federation like Canada, where the division of powers stands as an explicit pact between nations and provinces, it does not seem well advised to proceed from such abstract, functionalist principles. More importantly, it may not be a good idea to seek a formal, multilateral governance structure. Belittled by many, the politics of bilateralism has not been ineffective. It has worked in various ways—with formal or implicit agreements, with parallel or unique arrangements, and with impetus both from above and from below—but overall it has allowed experimentation, change, learning, and diffusion. To be honest, I was myself skeptical at the outset, assuming that little could come out of mere administrative arrangements. I stand corrected. And so should be those who fear the worst from agreements that, in a modest way, do bring the country closer to respecting the federal principle.

Third, this study indicates that many coordination challenges disappear once policy instruments are brought back to the provincial scale, where social protection instruments relevant for working-age adults tend to be concentrated. Centered on work integration, the family, and poverty reduction, the Quebec model of recent years has in fact been remarkably coordinated. Diane-Gabrielle Tremblay describes it as a “cumulative work-family balance” model to emphasize the cohesion of its different components, as well as its socially inclusive character. This model, Tremblay argues, is anchored in a strong and mobilized civil society that has long supported an active role for the state in family policy. By contrast, the Canadian model would be closer to the liberal, non-interventionist pole (Beaujot and Wang, 2010; Tremblay, 2010). If this is true, the search for a pan-Canadian approach to income support and Employment Insurance is unlikely to be successful. The best avenue is probably to accept, and indeed celebrate, the coexistence of different values and approaches, and to facilitate engagement and exchange across models. And for this, you need genuine decentralization and a willingness to live with asymmetry.

Main Policy Lessons

1. Bilateralism and asymmetry in employment and income programs for working-age adults is not inimical to progressive innovation, policy coherence, good governance, and the diffusion of best practices. It is also consistent with the federal principle, and respectful of the diversity of labour market conditions and social preferences within the Canadian federation.
2. Integrating active labour market policies aimed at various categories of unemployed persons is possible and productive, and granting priority to persons receiving social assistance may be the best, most cost effective approach.
3. A generous family policy based on gender equality—including an inclusive parental leave program—is conducive to demographic growth and labour market participation.

Recommendations

1. Any reform of the Employment Insurance program should be guided by the federal principle and respect, in particular, the constitutional division of powers. Bilateral arrangements and asymmetric solutions should remain possible.
2. Provincial governments should play a role, at least on a consultative basis, in the governance of the Employment Insurance program.
3. Active labour market measures should be integrated to better reach unemployed persons not covered by the Employment Insurance program, and notably persons receiving social assistance.
4. Provincial governments should consider the possibility of emulating the Quebec Parental Insurance Plan.

ENDNOTES

1. Serge Hamel, Direction générale adjointe de la recherche, de l'évaluation et de la statistique, Ministère de l'Emploi et de la Solidarité sociale, Correspondance with the author, October 13, 2010.
2. There is also a disability supplement (maximum of \$462.50).

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About the EI Task Force

The Mowat Centre has convened a research-driven Employment Insurance Task Force to examine Canada's support system for the unemployed. The Task Force will develop an Ontario proposal for modernizing the EI system—conscious of the national context—that works for individuals and businesses.

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