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Commentary

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**Governing Social Policy in Multi-Level Systems:
Emerging Literature (and Critiques) of Social Policy in the EU and Canada**

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This contribution is intended to synthesize the findings of research undertaken in *Canadian Public Administration*, June 2013, Volume 56 No. 2, entitled “Comparing Modes of Governance in Canada and the EU: Social Policy in Multilevel Systems.” Therein, the coordination of social policy between levels of government in Canada and the European Union (EU) is compared, highlighting that while the two have very different institutional architecture which underlies important differences in policy-making, they do face many similar challenges and might even learn from each other on coordinating between levels of government. Nonetheless, while this commentary argues that this research represents an important step forward in the comparative literature on social policy, this early comparative work highlights the need for greater conceptual clarity, to be more sensitive to the emerging theory regarding the EU’s Social Open Method of Coordination (OMC), and to be more attentive to the actual accomplishments of this method, as well as emerging critiques of it, and not just the processes inherent in it.

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Part 1 examines the growing case for comparison, finding that while Canada and the EU are increasingly facing similar challenges in social policy-making, the chief impediment to comparative work has been conceptual and theoretical rather than empirical. Part 2 examines the results of this comparison, finding that policy legacies and important institutional differences underlie very different behaviour in several key policy areas. Interestingly, the comparison highlights that greater inclusion and a stronger emphasis on mutual learning has made for more effective coordination in the EU than in Canada.

Part 3 finds that despite these important differences, there may still be opportunities for mutual learning. A concluding section argues that while this early comparative work represents an important attempt to introduce Canada and the EU in comparative terms, to move beyond introductory pleasantries, it must engage more with emerging theory and longstanding criticisms of the OMC in Europe, and conceptual idiosyncrasies in Canada if it is to resonate with European audiences, and if it is to advance Canadian thinking and action on social policymaking.

Part 1: Ever Closer...Basis for Comparison

Part 1 examines the basis for comparison between Canada and the EU on social policy-making. Section A addresses the question of why, empirically, the comparison is pertinent. Section B addresses the question of what specifically is being compared. It finds that despite their growing similarities, comparison of these two systems has been hampered by a lack of a common conceptual framework. Section C concludes, finding that in this body of work, not only is the comparison intellectually and conceptually fruitful, it is, arguably, increasingly necessary for improved social policy outcomes in multi-level systems.

Section A: Why Compare?

The centralizing trajectory of the EU and decentralizing trajectory of Canada make them increasingly comparable cases. Certainly, as Hueglin notes, the two systems are not the same or even similar, and Canadian provinces are not sovereign nation-states along the lines of EU Member States (192). Nonetheless, Verdun and Wood note that Canadian provinces have become less willing to accept federal leadership in social policy (177), whereas there is a

growing recognition in the EU that changes to national social models and greater coordination between Member States are needed (174-5).

In the EU, coordination takes the form of the Open Method of Coordination, a process of ‘soft governance’ where Member States work towards mutually agreed goals and targets, supported by regular peer reviews. Hueglin stresses the role of intergovernmental coordination in Canadian social policy-making which has long been marked by “quasi-diplomatic intergovernmental bargaining” (186). Hence, in some policy areas, interdependence between levels of government necessitates shared decision-making, and thus makes policy-making similar in Canada and the EU.

With respect to spending powers, the two cases also look increasingly similar. As Verdun and Wood point out, while spending by the federal government had historically played a significant role in supporting and building social policy in Canada, since the mid-1990s, federal transfers have declined significantly (176). Similarly, Bakvis points out that in Canada, transfers and equalization payments from the federal government to the provinces increasingly come with few conditions (208), meaning that funding gives Ottawa still less influence over the provinces.

Section B: A Common Conceptual Base

Despite their growing similarities, systematic comparisons of Canada and the EU have been rare. For Hueglin, existing conceptual frameworks are based largely upon the American federal model, which fits neither the European Union, nor Canada (187). Hence, they fail to capture the reality of shared competence and intergovernmental bargaining that characterizes Canada and the EU, and most other federations. Instead, Hueglin argues for a framework emphasizing allocations of power between levels of government, stressing the importance of how much of any given task each level does (192); membership guarantees and the degree to which they are flexible and asymmetrical (194); negotiated compromise and the form that this negotiation takes (196); and normative commitments to social solidarity (198). Reconceptualising policy-making in multi-level systems in this way, Hueglin argues that Canada and the EU are far closer than they might appear at first glance.

Building on Hueglin’s framework, Bakvis highlights that it is the more closed institutional design of the Canadian provinces and federal government, as compared to the more

open and porous design of EU institutions, rather than differences in type that explains why policy-making in the EU has been more open to non-state actors than in Canada (215). Arban examines the principle of subsidiarity, i.e. the practice of locating policy-making close to the affected citizenry, and which is a guiding principle of intergovernmental relations in the EU. She finds that it has been referenced in rulings by the Canadian Supreme Court (220), and indeed is an unwritten principle of Canadian federalism in areas of shared responsibility (230-1). This suggests that the contexts of the two are not so different as to prevent policy learning between them (220).

Section C: In Sum

In sum, for these authors, the comparison is not just intellectually worthwhile, but is indeed imperative in policy terms. For Verdun and Wood, in the current context, procedures developed under the OMC merit serious consideration for adoption in Canada (182). With reservations, Bakvis notes that the EU's approach appears more effective at coordinating between levels of government, and including civil society in the process (215-6). Hueglin as well argues that while coordination is an imperfect process it may be the only way to effectively govern social policy in complex multi-level systems (195). Likewise, Arban argues that while the application of subsidiarity is different in Canada and the EU, they have enough in common that they might learn from each other's experiences in areas where competences are shared between levels of government (221).

Part 2: Similar Challenges and Different Responses in Canadian and EU Social Policy

This section examines employment, postsecondary education and pension policy. The authors find that despite similar motivations behind reforms through the 1990s, the level of coordination and the inclusiveness of policy-making have developed very differently in Canada and the EU. Section A examines the role of policy legacies in explaining these differences, while Section B examines the effects of institutional differences. Section C examines what we might

learn from the comparison of Canadian and EU employment, postsecondary education, and pension policy.

Section A: Policy Legacies

The Canadian federal government evolved a significant role in labour market policy and pensions in the post-World War 2 period (Wood, 290; Marier, 324) as a result of constitutional amendments in 1940 moving authority to it from the provinces, as well as by federal spending. The federal role in postsecondary education evolved primarily through use of the federal spending power (Haskel, 312). However, in all three policy areas, very little legislation existed at the provincial level at the time when federal involvement began. In contrast the EU has neither legal authority nor spending power, and began its attempts at coordination in these areas long after policy had matured in the Member States.

Moreover, while a strong federal role in Canada would seem to auger well for policy coordination, in fact, the existence of federally administered programmes has had the opposite effect. Indeed, use of the federal spending power in labour market policy has created a tangle of federally funded programmes alongside provincial ones which calls out for greater coordination, but which has not bred it (Wood, 290). Likewise, in postsecondary education, while provinces communicate regularly amongst themselves, this process does not include the federal government (318-9).

By contrast, it was the European Commission's legal and financial weakness that inspired it to rely upon coordination (Wood, 301; Marier, 325). Interestingly, Wood notes that in the EU, the Commission's sole role as a coordinator has made for a much clearer and less contested division of roles between the EU and the Member States than in Canada (299). For Townsend, this results in an environment far more conducive to coordination and mutual learning (341). In fact, Wood notes that in Canada, it has (still) been federal funding that has triggered coordination, but not mutual learning or shared goals (299).

Section B: Institutional Differences

Secondly, these authors highlight important institutional differences between Canada and the EU. While Member States are represented in the EU's Council of Ministers, Canadian

provinces are not represented in this way in the federal government. So shielded from provincial influence, it is this insular nature of the federal government that has allowed it to maintain a dominant position in pension policy (Marier, 326). Likewise, representation of Member States in EU institutions makes relations between them far less fractious, while in Canada, relations between and within levels of government tend to be far more adversarial (Wood, 301).

Canadian institutions are also well insulated from civil society, although these actors are increasingly involved in policy implementation (Townsend 342). However, a keen awareness by the Commission that it was not designed with democratic legitimacy in mind has led it to actively involve outside actors in policy-making, but this has not occurred in Canada (Townsend, 344). Thus, policy coordination is far less participatory in Canada than in the EU (Wood, 296).

This has important implications for the effectiveness of public policy. Townsend finds that effective learning requires civil society involvement (Townsend, 346). Indeed, pensions aside (Marier, 324), the inclusion of EU-level groups has stimulated the growth of national-level civil society groups and networks between them (Wood, 295), while policy-coordination in Canada is executive dominated with few structured ways for civil society to have input (Wood, 292). Unlike in the EU, Townsend finds that the focus in Canada on government-to-government relations has limited the effectiveness of public services (345-6). Likewise, Townsend finds that in Canada, insular intergovernmental relations limit the opportunities for mutual learning (345-6), and that governments are rarely the chief beneficiaries (348).

Section C: What can we Learn?

Despite important differences between Canada and the EU, Wood argues that Canada should borrow objective-setting, benchmarking, and dissemination practices from the OMC to improve monitoring and accountability (298). Townsend also advocates borrowing from the OMC, but envisions a much smaller role for governments, arguing for mutual learning using peer exchanges and performance improvement practices resident in many OMCs among non-state actors (346). Even in pensions, monitoring and peer review have given governments in the EU a better feel for the scale of their problems (Marier, 335). Furthermore, a more institutionalized role for civil society groups would improve the prospects for coordination and learning (Wood,

300; Townsend, 346). Likewise, regular interaction between levels of government, borrowed from the OMC, would improve the coherence of Canadian social policy (Wood, 293).

Nonetheless, perhaps the most significant impediment to borrowing from the European experience is lack of interest by government and the public. While processes borrowed from the OMC might make for better policy in Canada, there currently appears to be no urgency for reform and no will to negotiate between different levels of government (Wood, 302).

Part 3: Non-State Actors and Inclusive Policy-Making

Part 3 examines the role of non-state actors, finding that different institutional choices in Canada and the EU underlie important differences in the way they have chosen to include non-state actors, despite having very different intentions for doing so. Section A examines in depth these motivations in choices, while Section B examines the implications of more inclusive policy-making in the EU and less inclusive policy-making in Canada. Section C examines what we might learn from the comparison.

Section A: Similar Motivations, Different Choices

In the early 1990s, both the Canadian federal government and the European Commission recognized the need to formalize their relationships with non-state actors to legitimize their leading role in social policy (Laforest, 236). Both Canada and the EU have attempted to use civil society groups to promote pan-European and pan-Canadian measures in social policy (Laforest, 236). However, despite these similar motivations for involving civil society actors, Canadian and European policy-makers have involved non-state actors in different stages of the policy-making process. While Canadian non-state actors have been involved extensively in service delivery to promote efficiency, they have had only a limited role in policy development (Millar, 260). Likewise, the intended role for citizens in the process has been to provide monitoring and supervision rather than direct input into policy formulation (Laforest, 244).

By contrast, non-state actors have been seen as a key link between EU institutions and citizens, providing an avenue to foster exchange of ideas and confer legitimation on social policy matters decided at the European level (Laforest, 238). Echoing Laforest, Millar points out that concerns have been raised about the Commission's involvement in social policy because of its

lack of democratic legitimacy, and that it has actively cultivated a role for non-state actors in decision-making in order to counter these anxieties (262). As a result, while non-state actors have also been involved in service-delivery, in the EU they have been included far more in the early stages of the policy-making process (Millar, 256).

Section B: Inclusion and its Implications

The choices at the federal and European levels for where in the policy process non-state actors are involved have important implications for civil society groups at the provincial and Member State level, and for policy performance. As Laforest notes, because civil society was actively nurtured at the EU level, groups have grown both at the EU and national levels, even in the UK, which has more insular institutions like Canada's (241-2). Whereas groups at different levels in the EU have reinforced each other, Canadian civil society groups at different levels are far less integrated, having been steadily marginalized since the late 1990s (Laforest, 246).

Millar concurs, finding that in Canada, limiting non-state actors to service delivery means that the goals of government and service-providers often conflict (256). Likewise, the results-based management used to resolve these conflicts often lead policy officers to favour easily measured outcomes over better quality ones (261). By contrast, the EU's inclusion of non-state actors in decision-making aligns their goals more closely (256), and gives incentives to improve policy effectiveness (258).

Moreover, the inclusion of non-state actors in policy-making has created opportunities for policy learning in the EU (Millar, 263). For example, Simmons stresses that public reporting under the OMC produces data which allows for easier comparisons of performance across jurisdictions and issues, and which is far more useful to advocacy groups (278). Better reporting and avenues for participation have allowed non-state actors to provide a more meaningful role in evaluating policy (279). Canadian governments have turned to public reporting as well (Simmons, 271), but reporting agencies maintain no formal links to advocacy groups or individual citizens (Simmons, 274). Likewise, the data that they produce makes effective evaluation of government activity very difficult (Simmons, 275), which discourages participation of advocacy groups (Simmons, 275-6). This has unfortunate consequences for the effectiveness and legitimacy of Canadian social policy (Simmons, 278).

Section C: What Can Canada Learn?

Certainly, these authors hold reservations about the EU's approach to non-state actors. Millar notes that while Canada would likely benefit from benchmarking and peer review, this would be limited by the perceived value of outside actors to the federal government (264-5). Laforest notes that in both Canada and the EU, inclusion in policy formulation tends to privilege the best organized groups, rather than the most representative ones (242). Also, Simmons warns of resistance from the provinces (283).

Nonetheless, they believe there is much to be learned from the EU. Simmons favours copying the EU's more open procedures on public reporting (281). Meanwhile, the European experience suggests that given a more institutionalized role, advocacy groups can evolve valuable new functions (Laforest, 242), and an implication of Millar's piece is that involving non-state actors earlier in the policy-making process makes for more effective policy. Promoting civil society groups at the EU level has helped stimulate their growth at the Member State level (Laforest, 241-2), and helped them act as links between levels of government. This approach holds promise in Canada, where such groups are weaker at the provincial level (247).

Concluding Thoughts and Future Research

In conclusion, this recent literature represents an important step forward in comparative public policy. It has attempted to introduce the EU to Canada empirically and conceptually and raises interesting possibilities for further comparative work. Nonetheless, responses to this work suggest that to advance, this literature must become more sensitive new thinking on the Social OMC, situating its analysis in the rapidly changing context of the EU. This will help it resonate with an audience beyond Canada, but also give greater clarity to what Canada might reasonably expect to learn from Europe.

Firstly, this new body of work should speak to new thinking surrounding the Social OMC. With this in mind, recent evaluations have found that peer review may promote ideational convergence, and certainly better monitoring, a point noted by Crespy (2013). Likewise, intriguing new work has also suggested that peer review can promote transfers of procedure, as well as mechanisms by which this takes place, but has also found that the OMC has struggled to promote convergence and transfers of substantive policy (OSE and PPMI 2012a, 2012b, 2012c).

Certainly, while Townsend and Wood, for instance, suggest ways of promoting mutual learning in Canada, this body of research would benefit from a greater appreciation of the successes and the limitations of mutual learning in its original context. Simply put, this emerging literature on mutual learning in the EU might hold clues as to what the OMC can accomplish when applied in other multi-level systems (i.e. promoting better monitoring and procedures), as well as promoting ideational convergence, and what it cannot do (i.e. promote policy convergence). This also recalls Crespy's (2013) point that as a next step, this literature must clarify what sort of coordination in social policy it is pursuing, i.e. policy convergence, ideational convergence, or a convergence in the use of policy instruments.

Secondly, this new research must be more sensitive to the changing context of the EU. For instance, as Vanhercke (2013) has noted, the Social OMC is hardly dead, and that in fact mutual learning may be the beneficiary of improved monitoring at the EU level. Nonetheless, critiques by Lamberts and Cantillon (2013), for example, have noted that the basis for comparison in this literature is the pre-crisis EU. Indeed, Lamberts (2013) notes that advances in hard governance in economic policy are having tangible and, in his view, negative spillover effects upon social policy. Certainly, Wood and Verdun's (2013) point that fiscal austerity only makes coordination more appealing, and Hueglin's (2013) that coordination may be the only way to manage social policy in complex multilevel systems, are very well taken in the current context. Nonetheless, to address critiques such as these and resonate with a broader audience, this literature must situate its analysis of the OMC in the current context, and be prepared to meet more forcefully the deep-seated pessimism surrounding Social Europe more generally.

In sum, while this new body of work has done a good job of introducing social policymaking in Canada and the EU, subsequent work will need to address new developments surrounding the Social OMC in order to speak to audiences beyond Canada, but also to clarify what Canadian policymakers might hope to gain from this intellectual relationship.

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