

## VIEWPOINT

# Who should train the Canadian labour force?

BY GORDON DI GIACOMO

*The Canadian federal government has recently handed over much responsibility for training workers to the provinces. Is that the wisest course in the context of a global marketplace?*

**Did** the Canadian federal government make a mistake in transferring responsibility for labour market training to the provincial governments? Officials are not likely to say so publicly, but some recent reports on the Canadian labour force must surely be giving them pause.

Early in 2003, Statistics Canada reported on Canada's aging work force. While Canada is not alone in this, the country is distinguished by the relatively large size of its baby boom generation. The rapid exit from the labour force of large numbers of experienced workers can mean serious labour shortages. And labour shortages undermine economic growth.

Similarly, in a 2002 report on skills shortages, the Canadian Labour and Business Centre warned that the decline in labour force growth could lead to skills and labour shortages "of broader magnitude" than what has been experienced in our recent past. It noted that workplace training will take on added importance and, with an obvious sense of urgency, it stated: "If we are to sustain economic growth and quality of life, we must make skills and learning a national priority."

Yet another report, issued in 1999 by Industry Canada, pointed out that the global competition for skilled people, the aging work force and technological change "will soon strain our skills development system to the limit."

Reports of potential skill shortages started to emerge just after the federal government negotiated Labour Market Development Agreements with the provinces and territories. Under these agreements the federal government transfers funds to the provinces to deliver certain types of employment measures. Each province is free to design the measures as it sees fit, provided they are similar to the five types, called Employment Benefits and Support Measures (EBSMs), specified in Part 2 of the federal Employment Insurance Act of 1996. Only Ontario, the country's most populous province and its economic powerhouse, has yet to sign an agreement.

### **Long a contentious issue**

That the federal government would work with the provinces in this manner was not surprising. After all, federal-provincial agreements have been the modus operandi in the occupational

training field since 1919, when the federal government passed its Technical Education Act. In other words, and this is a key point, *the provinces had always been deeply involved in the planning, formation and delivery of occupational training policy.*

What is different about the new arrangement is the clause in the preamble to each Agreement that reads: "Whereas Canada acknowledges that labour market training is an area of provincial responsibility..."

In accepting the insertion of this clause, the federal government appears to have agreed to much more than it needed to.

The question of which level of government ought to have responsibility for worker training (known also as labour market training, adult training and occupational training) has been a contentious one for many years in Canada. The constitution assigns responsibility for education to the provinces. It is silent, however, on which level has jurisdiction over worker training. For

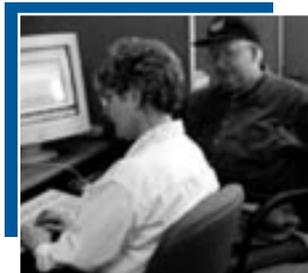
decades, the federal government has insisted that it must be involved in worker training because of its responsibility for the national economy. For just as long, the larger provinces have chafed at federal involvement.

Since the signing of the Labour Market Development Agreements, a number of organizations have attempted to evaluate the effects of the devolution and the changes to Employment Insurance. They identified several problem areas, one of the most serious of which is the negative impact on women. Some problems are a consequence of devolution itself.

The labour and management co-chairs of the Canadian Steel Trade and Employment Congress, one of the country's leading sector councils, told a 2001 panel discussion that devolution had produced a negative impact on the Congress' ability to respond successfully to the challenges facing the industry and its workers. Devolution has made it much more difficult to access government programs and to develop and deliver sectoral services in an efficient way. The sectoral approach that worked so well for the steel industry over the past fifteen years is at risk because only a few provinces have promoted sectoral policies. This makes it more difficult to develop and implement efficient and effective pan-Canadian sectoral policies.

### **No role for unions and industry**

Another problem brought about by devolution is the reduced opportunity for stakeholder involvement in the setting of labour market policy. Prior to devolution a labour-management organization, called the Canadian Labour



*Federal support aids computer training at the Baddock IT Centre in Nova Scotia.*

Force Development Board, provided policy advice to the federal government, undertook research on training issues, sought public input and represented societal interests to the federal government. The organization's *raison d'être* vanished when the federal government withdrew from training.

The major structure now is the Forum of Labour Market Ministers, which is comprised solely of ministers from the provincial and federal governments and which has shown little desire to engage civil society interests. As a result, there is considerably less public involvement in labour market policy-making. In addition, stakeholder groups wanting to change public policy have to deal not with one government but several. This is a major hurdle for groups with limited resources.

### **New federal initiatives**

Some recent developments suggest that the federal government "wants back in," that it now realizes it cannot and should not withdraw completely from the skills development field, despite that clause in each Agreement's preamble. For instance, in its February 2003 budget, Ottawa announced a \$100 million contribution towards the establishment of a Canadian Learning Institute. Details on this new entity are scarce but its basic objective will be "to broaden and deepen data and information on education and learning."

One of the papers setting out the federal government's innovation strategy acknowledges that, "Skilled tradespeople are in great demand, and Canada is not training sufficient numbers of people to meet this demand. This shortage could significantly limit our economic growth in the future."

The paper indicated that the federal government will work with Canada's many labour-management sector councils to increase the number of sectors covered by councils, as well as to expand human resources planning and skills development within sectors and small- and medium-sized businesses.

The federal government will also examine possible financial incentives for employers who support essential skills development for their employees, and will work with provinces and territories to develop targeted skills development initiatives to help persons with disabilities, Aboriginal people, visible minorities, and individuals with particular barriers to participation in the labour market.

### **An "odd position"?**

In fairness, it should be noted that, in negotiating its withdrawal from labour market training, the federal government retained the right to develop and deliver employment measures for non-employment insurance clients including youth, persons with disabilities, aboriginal people, older workers, and recent immigrants. And, in fact, the February 2003 budget announced measures to attract and retain skilled immigrants and to support the skills development of aboriginal citizens. The federal government also reserved the right to undertake pan-Canadian activities, either in response to special labour market problems or in situations that affect the country as a whole or a significant area of the country.

The reader will be forgiven for thinking that the federal government has adopted an odd position on labour market training. On the one hand, it announces its withdrawal from

the field and agrees in writing that worker training comes under provincial jurisdiction, but on the other, it retains the right, and then acts on the right, to involve itself in several skills development areas.

What explains this contradiction? One explanation is that, because of its responsibility for national economic development, the federal government really cannot withdraw totally from worker training. The skills and knowledge of the work force are so important to competitiveness and productivity that the federal government must concern itself actively with training issues, even though, for the sake of federal-provincial harmony, it may want to abandon the field.

It is almost inconceivable that the federal governments in some of the other economically advanced federal countries, such as the U.S. and Germany, would abandon the leadership role they play in occupational training policy.

Another possible explanation for the federal government's ambivalent attitude toward labour market training has to do with conflicting values. Arrangements between a national government and sub-national governments are not built in a vacuum. They are a reflection of a people's values and ideals. For instance, Cheryl Saunders, the eminent Australian federalism scholar, observed that a "national preoccupation with equity or equality" tends to be reflected in the allocation of power to the federal government.

### **The question of equality**

In Canada, one of the important tasks of the federal government has always been to ensure that individuals receive relatively equal treatment, regardless of where they live. This is the point of Canada's equalization program, a program considered so important it is entrenched in the constitution, and a major reason why the federal government is involved in health care.

In recent years, however, the salience of the equality value has receded, while the desire to accommodate diversity has heightened. This conflict in values is reflected in the contradictory attitude of the federal government toward worker training.

The federal government may be ambivalent about labour market training, but on post-secondary education it shows no such ambivalence. At the same time that it was negotiating its way out of labour market training, or at least establishing a diminished role for itself, it was deepening its involvement in post-secondary education, particularly university education, so much so that some informed observers wonder if a national post-secondary education act is not far off.

Among the initiatives the federal government has recently undertaken are the creation of the Canada Foundation for Innovation to modernize the infrastructure of universities, the establishment of Canada Research Chairs to help universities attract highly qualified faculty and the creation of the Canada Graduate Scholarships to support thousands of master's and doctoral students annually. Other federal programs support both university and community college education.

Could a Liberal government with a centrist if not leftist orientation abandon the field of worker training while increasing assistance for university education? Thankfully, it appears not. 