

Ontario and social policy reform: From Offside to Offensive?

By Peter Graefe, McMaster University and Rachel Laforest, Queen's University

Introduction

In the realm of intergovernmental relations, timing and placement is everything. A good strategy negotiates the positions, interests and desires of neighboring players. For Ontario, the federal government has long been the playmaker -- the player who can make the killer pass and who sees the field of intergovernmental relations like no one else. As a result, Ontario's tactics have generally relied on collaboration with the federal government and its interests have found expression within national projects. Yet, since the late 1980s, Ontario's participation in intergovernmental social policy reform processes has increasingly been "offside" with Ottawa.¹ This pattern has been observable not only in negotiations surrounding economic and budgetary policies, but also those regarding social assistance reform, immigrant settlement, early childhood policy and the social union framework. Indeed, Ontario has repeatedly staked out positions that differed substantially from those of the federal government and that failed to rally a strong interprovincial consensus. With but a few exceptions, Ontario has either stymied or blunted federal reforms; or it has been left waiting for the federal partner to participate in reforms that it has proposed.

This pattern of participation in intergovernmental relations is problematic for it has limited Ontario's ability to develop public policies to respond to the new social risks identified in international social policy discourses, as well as by the preceding Conservative government's Role of Government Panel. In order to address the demands of the new social policy agenda, the Ontario government will have to rethink its strategy and relationship to players on the field if it is to play a leadership role. Given that the growing risk aversion of post-2004 minority federal governments coupled with the ideological leanings of its governing Conservative party since 2006 have largely taken the federal government out of the game, it is worthwhile to consider how Ontario could go on the offensive as part of a more provincialist social policy strategy in order to address the emerging social policy challenges. This paper examines Ontario's patterns of intergovernmental participation over the past quarter century focusing on four social policy fields: that of social assistance, immigration and settlement policy, childcare and poverty reduction. It analyzes the interaction between Ontario, its provincial counterparts and the community sector, as well as its interaction with the federal government. Based on this analysis, it explores how Ontario could crank its reform energies in both these areas up a notch or two into a real position of leadership both within Ontario, but also in the intergovernmental realm.

¹ Thomas Courchene and Colin Telmer, *From Heartland to North American Region State: The Social, Fiscal and Federal Evolution of Ontario* (Toronto: University of Toronto Centre for Public Management, 1998); David Cameron and Richard Simeon, "Ontario in Confederation: The Not-So-Friendly Giant," in White (ed.) *The Government and Politics of Ontario*, (Toronto: University of Toronto Press, 1997).

A page in Ontario's playbook

Since the early 1970s, Ontario's approach to intergovernmental relations has shifted significantly. In the 1970s and the 1980s, Ontario was depicted as working in concert with the federal government. Not only did Ontario Premier Bill Davis provide support to the federal government in certain endeavors such as constitutional patriation, the Foreign Investment Review Agency (FIRA) and the National Energy Program, but Ontario also received support from Ottawa in the wake of the 1970s and 1980s recessions. Nevertheless, after the victory of Peterson's Liberals in 1985, Ontario increasingly adopted a critical pose toward the federal government, most notably in regard to the Free Trade Agreement. This critical approach continued well into McGuinty leadership in 2005 when a campaign was launched to narrow the \$23 billion gap between Ontario's contribution to the federal government and the benefits it receives in return. Then dynamics changed again during McGuinty's second term in office in 2007, when Ontario took on a somewhat effaced "federalism-taker" role.

The perceived shift in Ontario's goals and strategies in intergovernmental relations over the past three decades has raised the need for an explanation, yet most of our explanations are now a decade old and date from Harris's early years in office. These interpretations stressed that Ontario was increasingly offside with the federal government after being a trusted ally, but this may simply be historical revisionism. In the mid-1970s, a review of Ontario's place in federal-provincial relations could convincingly paint a picture of ongoing (if muted) conflict that increased in the late 1960s, and which centred on the division of taxing and spending responsibilities.² The stance of Premier McGuinty on "fairness for Ontario," a reprise of stands taken by the Harris Conservative government, or indeed of Rae's "fair-shares federalism," thus stands in some continuity with Simeon's view that questions of finance have been of central importance for Ontario and that "Ontario has emphasized the need for fiscal autonomy -- for a smaller federal tax burden which would allow the province room to expand its own taxes."³ Similarly, those wishing to stress continuity over change might cite Woolstencroft's observations from the early 1980s. He noted that Ontario's intergovernmental specialists were opposed to programme entanglement because it "threatens the constitutional integrity of both orders of government and blurs the lines of responsibility and accountability."⁴

Notwithstanding the echoes of these past patterns in the present, the overwhelming interest of recent contributions is to explore and explain seeming patterns of change. The boldest contemporary interpretation of the shift in Ontario's federal-

² Joe Martin, *The Role and Place of Ontario in the Canadian Confederation* (Toronto: Ontario Economic Council, 1974); A.K. McDougall and M.W. Westmacott, "Ontario in Canadian Federation," in Donald C. MacDonald (ed.) *Government and Politics of Ontario* (Toronto: MacMillan of Canada, 1975), 199-204. In another interesting echo, the authors note that "the federal government has attempted to avoid this conflict by using its superior revenue-creating power to construct and deliver programs directly to the public," with confusing effects at the community level (p. 207).

³ Richard Simeon, "Ontario in Confederation," in Donald C. MacDonald (ed.) *The Government and Politics of Ontario* 2nd ed (Toronto: Van Nostrand Reinhold, 1980), 189. Joe Martin likewise argued that "to Ontario the key aspect of federal-provincial relations is finance" (*The Role and Place of Ontario*, 2).

⁴ Timothy B. Woolstencroft, *Organizing Intergovernmental Relations*, Discussion Paper no. 12 (Kingston: Institute of Intergovernmental Relations, 1982), 56.

provincial relations continues to be Courchene's region state hypothesis, which mirrors some elements of the more cautious work of Wolfe and Cameron.⁵ For Courchene, the last twenty years of the twentieth century were marked by tectonic changes in economic geography that upset the political strategies and alliances of the past. The impact of this situation on federal-provincial relations is clear-cut. Courchene and Telmer baldly state that "the pervasiveness of economic forces necessarily means devolving greater autonomy to the regions so that they can pursue their distinctive economic futures."⁶ These same forces also make it Ontario's interest to assume powers needed to nurture the region-state, and to be far more active in interprovincial redistribution and economic union issues. Indeed, if Canadian federalism is to be driven more by intergovernmental processes than by constitutional structures, Ontario will want to assure itself a say in limiting redistribution to the equalization programme, and ensuring that equalization does not impede the functioning of internal trade and mobility.⁷

Similar economic forces also recur in the accounts of Noel, as well as Cameron and Simeon. Noel, for instance, draws on his work on Ontario's political culture to argue that Ontario has historically sought to be the pre-eminent player within Confederation, and that Ontarians have consistently pursued the imperative of economic success. With the shift to a North-South economy, old political forms no longer nurture this economic success. The post-Charlottetown period thus corresponds to a re-evaluation of core interests. It has given rise to calls for re-balancing so as to meet Ontario's competitiveness needs, as well as to demands for more say in the pan-Canadian social programmes its residents subsidize.⁸ Cameron and Simeon provide a broader range of factors driving the "New Ontario," including increased ethnic diversity, deficit shifting, and ideological divergence. Nevertheless, Ontario's changed geo-economic situation figures prominently, as does the decline of pan-Canadian sentiment among Ontario's Confederation partners (which cannot be disassociated from economic factors). In their view, the shift to a north-south economy does not erode Ontario's attachment to the federation, but does result in reduced confidence in Ottawa's leadership ability and attempts to find new means of protecting the economic and social union.⁹

While structural change may logically presuppose a more aggressive role for Ontario as it seeks to cement its predominance in an evolving federal system, there is no necessary reason why it has followed its course from backing Meech, to being a Social Charter activist to defining Social Union talks around ACCESS¹⁰ like premises, to most recently being a "federalism taker," engaging on a case-by-case basis with the federal

⁵ Courchene and Telmer, *From Heartland*; Cameron and Simeon, "Ontario in Confederation"; David R. Cameron, "Post-Modern Ontario and the Laurentian Thesis," in Douglas M. Brown and Janet Hiebert (eds.) *Canada: The State of the Federation 1994* (Kingston: Institute of Intergovernmental Relations, 1994); David A. Wolfe, "The Emergence of the Region State," in T.J. Courchene (ed.), *The Nation State in a Global/Information Era: Policy Challenges* (Kingston: John Deutsch Institute, 1997).

⁶ Courchene and Telmer, *From Heartland*, 295.

⁷ Courchene and Telmer, *From Heartland*, 300-304.

⁸ Sid Noel, "Ontario and the Federation at the End of the Twentieth Century," in Harvey Lazar, *Canada: The State of the Federation 1997 -- Non-Constitutional Renewal* (Kingston: Institute of Intergovernmental Relations, 1998), 272, 275, 279, 282-284.

⁹ Cameron and Simeon, "Ontario in Confederation," 169-78, esp. 171-73. See also Cameron, "Post-Modern Ontario," 123-25.

¹⁰ Tom Courchene, *ACCESS: A Convention on the Canadian Economic and Social Systems* (Toronto: Ontario Ministry of Intergovernmental Affairs, 1996).

government. Ontario could indeed have adopted a number of different strategies to increase its capacity to define its regional competitiveness. While the pursuit of interprovincial and federal-provincial framework agreements is one approach, it could have also chosen to follow Québec's example in pre-empting the federal government by taking the lead in policy development.¹¹

Playing on the social policy field

The work tying intergovernmental relations strategies to these large shifts in economic structures is important. Ontario has unequivocally found itself facing new conditions with mounting economic pressures. Nevertheless, it is quite some distance to travel from the abstraction of structural changes and big picture intergovernmental relations strategies, where actors are absent, to specific negotiations and policy choices. Certain dimensions of intergovernmental relations are more closely linked to economic and structural adjustments, while others may be more political.¹² Ontario's new conditions in the federation have given rise to contentions between Ontario and the federal government as they kick around ideas about the future. These conflicts, seemingly tied to a greater extent to partisan ideological dynamics and shifting political forces than to large-scale economic determinants, have been most visible in the field of social policy. Given that the Ontario state has not followed Quebec in investing in intergovernmental relations machinery to the extent of imposing some sort of clear and coherent unity of strategy across policy fields, it continues to define its strategy in practice.

While a social policy focus gives a useful smaller picture, we are cognizant that it comes at a cost. In areas such as infrastructure or economic development, relationships may follow a different dynamic than social policy: witness the close and productive relationships in restructuring the automotive sector or in infrastructural investments during the recent recession even as there were some tension around the future of the Canada-Ontario Immigration Agreement. That said, it should be noted here that our interest is not the usual questions of qualifying the degree of conflict or cooperation in federal provincial relations or of assessing whose ox got goaded. This chapter instead asks the question of how Ontario has tried to realize key social policy goals, and assesses how the intergovernmental realm has assisted or impeded their realization.

Ontario has traditionally been a strong supporter of the national project in Canada, embracing a vision of citizenship that emphasizes equality and access to the same level of services for all citizens in Canada regardless of place. Yet, its provincial interests have increasingly become out of sync with this representation of the national project. In the late 1980s, as Ontario embarked on its "Quiet Revolution," the Ministry of Intergovernmental Affairs' own analysis underlined the extent to which Ontario's activist plans for long-term social and economic renewal diverged not only from the other

¹¹ For instance, Québec's success in expanding control of labour force development activities owes something to its activism in creating the SQDM. See Rodney Haddow and Andrew Sharpe, "La Société québécoise de développement de la main-d'oeuvre: A Postscript," in Andrew Sharpe and Rodney Haddow (eds.) *Social Partnerships for Training: Canada's Experiment with Labour Force Development Boards* (Kingston: School of Policy Studies, 1997), 150-51.

¹² See for example André Lecours and Daniel Béland, "Federalism and Fiscal Policy: The Politics of Equalization in Canada," *Publius: The Journal of Federalism*, 2010, 40(4): 569-596.

provinces (who were seen as preoccupied with short-term economic problems), but also from the federal government's emphasis on budgetary restraint, regional disparities and free trade.¹³ This presented a difficult strategic context of trying to engage an unsympathetic federal government, without necessarily having much of a free hand to organize a provincial position. These new conditions led to frustration in several social policy fields, although this frustration manifested itself differently in each.

Social Assistance Reforms

In social assistance, the Ontario government tried to maintain a degree of freedom of action in the implementation and administration of its programs relative to the federal government.¹⁴ In the late 1980s, welfare rates and expenditures were on the rise. The Ontario Liberal Premier, David Peterson, appointed a Social Assistance Review Committee to assess the situation and examine the province's social assistance programmes. The committee's report, entitled *Transitions*, was released in 1988 and called for an extension of benefits and programmes to cover the basic needs of welfare recipients. Social assistance was conceptualized as primarily an income support system that nevertheless could enable recipients to become self-reliant and to fully participate in society. The structure of benefits and programmes were not to be tied to labour market participation. This vision of social assistance differed from that of workfare proposals at the time, which made benefits conditional on participation in job placement schemes, and with which many provinces were experimenting. Nevertheless, the Ontario government had signaled a willingness to proceed with the recommendations of the Social Assistance Review Committee's *Transitions* report, which included both the enhancement of benefits, and the development of "opportunity planning" services to enable recipients to have access to developmental opportunities, including those aiding transitions into paid work.

While the federal government encouraged provinces to move in this direction of emphasizing the employability of social assistance recipients, for instance through the *Employability Enhancement Accords* and a lax interpretation of the Canada Assistance Plan in the case of proto-workfare programs in British Columbia, Quebec and Saskatchewan, it was not prepared to support just any vision of employability. The Ontario plan of doing employability while also improving the social rights of social assistance recipients was not immediately guaranteed to please a deficit-conscious federal Conservative government. This was especially the case when the limited provincial capacity to provide high-end employability programs meant that early reforms were heavily tilted towards benefit enhancements rather than new training initiatives.

This conflict was settled to Ontario's disadvantage by the unilateral imposition of a cap on Canada Assistance Plan (CAP) payments to non-equalization receiving

¹³ Ministry of Intergovernmental Affairs, *Federalism Forecast 1987-88*, Internal Document, September 1987, 2, 7.

¹⁴ Gerard Boychuk, *Patchworks of Purpose: The Development of Social Assistance Regimes in Canada*, (Kingston and Montreal: McGill-Queen's University Press, 1998); Peter Graefe, "State Restructuring, Social Assistance and Canadian Intergovernmental Relations: Same Scales, New Tune," *Studies in Political Economy*, 2006, 78, 93-117.

provinces by the federal government (effectively Alberta, British Columbia, and Ontario), whereby such provinces would be fully responsible for fully paying for all increases in social assistance costs above five percent. In other words, the federal government would only cost-share the first five percent annual increase. Considered in terms of a “steady-state” social assistance system, this decision had clear ramifications on the cost of any benefit improvements, or of investments in the system to increase procedural fairness. However, Ontario was not in a steady state in the early 1990s, as labour market changes drove up the social assistance caseload. In this instance, simply maintaining the existing system became increasingly costly, as the cyclical pressures of a recessionary economy were compounded by having to pay the full marginal cost of caseload increases once the 5% threshold was crossed. The *Transitions* reform was effectively derailed.

It is generally argued that the cap on CAP was put in place largely to protect the federal treasury from rapidly increasing social assistance resulting from the Ontario Liberal government’s 1989 reforms to social assistance. The popular press often plays up the contribution of the NDP government’s purportedly extravagant benefit increases, but even a largely unsympathetic critic like Courchene points out that the main driver of social assistance costs in Ontario was a ballooning caseload resulting from the early 1990s recession. Had Ontario kept its existing social assistance system and not started implementing some of the SARC’s recommendations, it likely would have qualified for at least \$300M more per year in CAP funds than it did under the cap on CAP, and likely significantly more.¹⁵

It is worth noting that the cap on CAP did not solely work against a programme of increased benefits, but also to narrow the range of the possible in employability programmes, which is where Ontario might have innovated post-*Transitions*. While the SARC’s recommendations on benefits certainly required higher spending, the generous vision of “opportunity planning,” where training and employment programmes involved meaningful investments in skills and were surrounded with increased rights to housing, transportation, child care and other supports, was also necessarily expensive. The cap on CAP not only served to close the door to higher benefits, but also to employability programmes that would privilege skills and personal development over immediate labour force attachment. As the Rae government regrouped and tried to push a smaller and less generous package of social assistance reforms based on a child benefit and work integration programs (set out in the *Turning Point* initiative), it again had to pull back due to the lack of federal buy-in and the continued constraint on federal cost sharing. The federal government effectively thwarted Ontario’s social assistance reform agenda by constraining its options.

The election of a Conservative government committed to a “work-first” vision of workfare narrowed the gap between the governments, while the rolling up of the Canada Assistance Plan and its conditions (beyond the one preventing residency requirements) in the 1995 budget also reduced the amount of overlap. Indeed, social assistance *per se* dropped off the federal-provincial agenda. The emphasis on breaking down a purported “welfare wall” that was behind the push to employability nevertheless lived on in the National Child Benefit negotiations. Here again Ontario was largely in line, albeit in league with other “tough on welfare” provinces like Alberta in seeking to keep the level

¹⁵ Courchene and Telmer, *From Heartland*, 146-147.

at which children were deemed to be “off welfare” quite low.¹⁶ While these initiatives kept peace with the federal government, they did little to deal with the social risks of poverty, or indeed to push the sort of experimentation with best practices in welfare-to-work that occurred in the United States and the United Kingdom in the same time frame.¹⁷

Immigrant Settlement Services

Fiscal pressures and retrenchment also had a huge impact on Ontario's policy agenda relating to immigrant settlement in the 1990s. Immigration has long been a policy area of shared jurisdiction between the federal and provincial governments. Federal legislation prevails over Canada's immigration program, whereas provinces and territories are mainly responsible for integration and settlement services. In the context of growing fiscal constraint, all share an interest in reducing the costs of the services they are providing while maximizing the economic and social benefits of immigration. In the early 1990s, the Chrétien's Liberal government made a number of changes to entrance requirements in an effort to decrease the costs of settlement and integration services for both the federal and provincial governments. The federal government began to privilege the economic class, that is professionals and skilled workers, over others. To enter into the country, immigrants also had to pay a landing fee and meet language requirements. Immigrants that met these criteria were deemed to be more 'self-sufficient' and to be able to integrate more quickly into Canadian society, thereby reducing the financial burden on the system.¹⁸

The federal government also began to re-assess its role in settlement services. Already in 1976, the *Immigration Act* had established the legislative authority for the federal government to consult with the provinces on immigration. This had enabled the federal government to sign agreements with individual provinces over the management and coordination of immigration and settlement services.¹⁹ As part of its 1994 Program Review, the federal government determined that delegating service delivery to voluntary organizations would be a more effective way to cut costs in the settlement area while maintaining the same level of services. Shortly thereafter, it launched the "settlement renewal initiative" to withdraw from settlement services and devolve the administration of these programs to provincial governments.²⁰

¹⁶ Gerard Boychuk, "Social Union, Social Assistance: An Early Assessment," in Tom McIntosh, (ed.), *Building the Social Union: Perspectives and Directions* (Regina: Canadian Plains Research Center, 2002).

¹⁷ Dean Herd, *What Next in Welfare Reform: A Preliminary Review of Promising Programs and Practices*. (Toronto: Social Services, 2006)

¹⁸ Yasmeen Abu-Laban, "Jean Chrétien's Immigration Legacy: Continuity and Transformation," in Lois Harder and Steve Patten (eds.), *The Chrétien Legacy: Politics and Public Policy in Canada*, (Montreal and Kingston: McGill-Queen's University Press, 2006).

¹⁹ Quebec was the first province to have a special immigration agreement with the federal government signed in 1991.

²⁰ Yasmeen Abu-Laban and Christina Gabriel, *Selling Diversity: Immigration, Multiculturalism, Employment Equity and Globalization* (Peterborough: Broadview Press; University of Toronto Press, 2002) 68-69.

Over the next couple of years, the federal government signed agreements with all of the provinces for settlement renewal, with the exception of Ontario. In order to support economic and social development priorities, the federal government developed the Provincial Nominee Program to enable provinces or territories to set criteria for nominees to meet specific regional needs. While Manitoba, Saskatchewan and the Atlantic provinces quickly developed plans to use this programme, Ontario was not interested in negotiating the devolution of federal government responsibilities in the area. Therefore, negotiations stalled. Ontario continued to look to the federal government to be the playmaker, just as the federal government was inching its way off the field.

It is estimated that over this period Citizenship and Immigration Canada's settlement budget decreased from 46% in 1997-98 to 37% in 2001.²¹ Provincial governments, much like the federal government, were also aiming to reduce the size of the state and their immigrant settlement budgets also declined over this period of time. Ontario was no exception, and in 1995, the newly elected progressive conservative government cut back close to 50% of its budget on direct service provision in the area of immigrant settlement.²² The combined effect of provincial cuts and the lack of an agreement between the federal government and Ontario placed enormous pressure on the settlement services sector, and voluntary organizations in particular.²³

The Canada-Quebec Accord on Immigration, adopted in 1991 had particularly become an irritant for the Ontario government. This agreement guaranteed a minimum of \$90 million per year to Quebec for settlement and training services. Quebec was therefore receiving a third of the federal funding available for immigrant settlement, yet it received only 18% of the immigrants. Without any settlement agreement between Ontario and the federal government, Ontario was receiving the lowest per capita allocation in the country.²⁴ Yet, it had the largest immigrant intake in Canada at the time, receiving 59.3% of all immigrant arrivals to Canada in 2001.²⁵ Waiting for the federal government to take on a leadership role in the policy area meant that Ontario gradually found itself out of sync with both the federal government and with its provincial counterparts.

The dynamic changed following the election of Dalton McGuinty's Liberal government in October 2003. In its quest to obtain its "fair share," Ontario identified federal funding for immigrant settlement services as an area that had contributed to the \$23 billion gap that had developed. While British Columbia and Manitoba had successfully negotiated greater control over the settlement area, Ontario continued to look

²¹ Irene Bloemraad, *Becoming a Citizen: Incorporating Immigrants and Refugees in the United States and Canada* (Berkeley: University of California Press, 2006) 121.

²² Frances Frisken and Marcia Wallace, "Governing the Multicultural City-Region," *Canadian Public Administration*, 2003, 46, 2; John Shields, "No Safe Haven: Markets, Welfare and Migrants." In Philip Kretsendemas and Ana Aparacio (eds.) *Immigrants, Welfare Reform and the Poverty of Policy* (New York: Praeger, 2004, 49); M.S. Mwarigha, "Issues and Prospects: The Funding and Delivery of Immigrant Services in the Context of Cutbacks, Devolution, and Amalgamation," Patrick G. Hunter, ed., *Who's Listening: The Impact of Immigration and Refugee Settlement on Toronto* (Toronto: The Advisory Committee on Immigration and Refugee Issues of Toronto, 1998), 161.

²³ Ted Richmond and John Shields, "NGO Restructuring: Constraints and Consequences", *Canadian Review of Social Policy*, 53, Spring/Summer, 2004, 53-67.

²⁴ It is estimated that each immigrant in Ontario received \$800 in support services from the federal government, while those in Quebec received \$3800 (Ontario government budget).

²⁵ Visit ontarioimmigration.ca.

to the federal government to play a stewardship role in the area as part of its nation-building role.²⁶ In 2005, the Canada-Ontario Immigration Agreement (COIA) was signed and the federal government continued to exercise complete administrative control over settlement services in the province. This agreement reduced the gap between Ontario and the other provinces significantly although, by 2009, Ontario had only received \$407 million of the \$600 that had been promised in the COIA.

While the federal government came through, an effective Ontario response to settlement was still hamstrung by the federal approach. Indeed, since the election of a conservative federal government in 2006, a number of incremental policy changes have been adopted in the immigration area which taken together amount to nothing less than a major reconsideration of the role of the federal government in the immigration system. Over the years, the federal government has enabled newcomers to take multiple routes to immigrate to Canada by promoting programs such as the temporary foreign workers, the Canadian Experience Class and removing caps on the Provincial Nominee Program. However, upon arrival these newcomers do not enter the country with the same rights and protections as permanent residents for they are not eligible for language and settlement services. Eligibility for these settlement programs is restricted. Yet they are vital to successful social, economic, and cultural integration. As the number of newcomers falling under these three categories expands, more immigrants will find themselves in a vulnerable position and have difficulty integrating into Canadian society. For Ontario, the province that receives the largest proportion of immigrants, this poses some significant challenges to the effectiveness of its settlement services. This shift has prompted many advocates in Ontario to lobby for the federal government to redress these issues by taking on a more proactive role and recognizing immigration as critical to nation building.²⁷

Child care and early learning

The clearest example of the frustration related to a strategy of collaborative engagement with the federal government comes from the field of childcare and early learning, where two attempts to innovate failed as a loss of interest at the federal level left the province hanging. Mahon provides the fullest account of these two episodes.²⁸ In the first, the Peterson governments of 1985-1990 elaborated a plan to move public childcare from being a welfare policy to being a core support for working parents in a modern knowledge economy. This included measures to increase the number of available spaces in public and non-profit care, as well as to increase quality through greater support for wages and through closer integration with the school system. The plan nevertheless was contingent on the Conservative federal government following through on their announced

²⁶ Leslie Seidle, *The Canada-Ontario Immigration Agreement: Assessment and Options for Renewal*, Mowat Centre for Policy Innovation, Toronto, 2010.

²⁷ Naomi Alboim, *Adjusting the Balance: Fixing Canada's Economic Immigration Policies*, Immigration Policies, Maytree Foundation, Toronto, 2009; Luin Goldring, "Temporary Worker Programs as Precarious Status: Implications for Citizenship, Inclusion and Nation Building in Canada," *Canadian Issues*, Metropolis, Spring 2010; Canadian Council for Refugees, "Immigration Policy Shifts: From Nation Building to Temporary Migration", *Canadian Issues*, Metropolis, Spring 2010.

²⁸ Rianne Mahon, "Childcare, New Social Risks and the New Politics of Redistribution in Ontario," Paper for the workshop on the New Politics of Redistribution, University of Toronto, May 2010.

childcare plan. When this plan was delayed due to significant criticisms of its shortcomings, and then shelved following the 1988 election, the province proceeded with a far more modest set of changes. Attempts by the NDP to revive and expand the Peterson plan, either as a big package, or more quietly through targeted responses to the recession, likewise did not take flight. They were hamstrung, on the one side, by the cap on CAP, and on the other by the unwillingness of the Chretien Liberals, elected in 1993, to either rescind the cap on CAP or follow through on their childcare election promises.

This situation replayed itself in a more compressed time frame in the 2003-2006 period. Here again, the newly elected provincial government ramped up its strategy of extending full-day kindergarten to four year-olds and to thereby free up some resources to step up early childhood education for 2.5-4 year olds. This time, the government met a willing federal partner which shared a similar policy commitment to developing this area, as well as a similar fiscal conservatism in terms of rolling out changes in small increments. Ontario was among the first provinces to sign a bilateral childcare agreement in November 2005. The change in federal government in 2006 nevertheless scuttled this agreement. Rather than continuing to roll-out its planned policy, Ontario instead drew down its monies from these agreements slowly to fund the first batch of new spaces. While it has continued to support these spaces with its own funds, its own early childhood strategy has been delayed and largely limited to the full-day kindergarten initiative. Once again, the difficulty of coordinating provincial reform with federal initiatives left Ontario, and its social policy ambitions, with no one to play with.

As the foregoing has tried to demonstrate, the Ontario experience with intergovernmental relations in social policy has not been particularly successful over the past quarter century. Whereas Ontario was relatively content with strategies that stressed the pursuit of Ontario's interest within those of the broader nation, the last decade has seriously challenged its approach. Using old tactics has left Ontario offside on the social policy field. From the torpedo-ing of the Transitions project through to the tension between punitive workfare and national child benefits, the Ontario and federal governments have been working at cross-purposes. Given that Ontario's battles with the federal government have not seen it able to mobilize a broader interprovincial consensus, the result has been to stymie changes in social assistance. In immigrant settlement, as well as child care and early learning, the pattern has been slightly different, with the province developing plans that depend on a federal participation and commitment that never arrives, or comes as too little, too late.

The new social policy agenda: a familiar field?

This might not be too concerning if the social policy challenges facing Ontario were relatively minor ones. However, consistent with the new social risk profiles facing Western post-industrial states, including Canada, Ontario is facing a number of important challenges if it wishes to avoid social and economic decline.²⁹ The necessity to retool in

²⁹ On the "new social risk" perspective, see Gosta Esping-Andersen, Duncan Gallie, John Myles and Anton Hemerjick, *Why we need a new welfare state* (New York: Oxford University Press, 2002); Jane Jenson, *Canada's New Social Risks: Directions for a New Social Architecture* (Ottawa: Canadian Policy Research Networks, 2004).

social policy as an economic strategy in a knowledge-based economy reaches back at least to the strategic thinking of the Rae New Democrats, and indeed can be seen in elements of the *Transitions* report in the late 1980s.³⁰ The alarm bell was rung again in 2002-2003 around the Panel on the Role of Government, where research contributions underlined that the social risks around poverty, early learning, and the socioeconomic integration of new Canadians were not being met with robust and coherent policy initiatives.³¹ This is not solely a concern of social democrats and left liberals, but has indeed spurred a strengthened “corporate reform” voice, as seen in the Toronto City Summit Alliance (recently renamed CivicAction) and its income support working group, or in the diagnoses of the TD Bank.

In this light, the McGuinty government elected in 2003 has taken a number of steps to address these social risks, be it through the extension of junior kindergarten, supporting the federal child care initiative in the dying days of the Martin government, developing the Ontario Child Benefit, or targeting small initiatives in the education system for the “at risk,” with the latter two being rolled into a broader Poverty Reduction Strategy. However, ignoring the high politics of the government’s “fairness” campaign during its first mandate, it has otherwise been a “federalism-taker” on these other files.

The trouble with this strategy is that there is not much “federalism” to take at the moment. The compound effects of a string of risk-averse minority governments in Ottawa coupled with a Conservative government that does not have a substantial program of social welfare policy expansion or renewal (beyond some gimmicky tax credit schemes), means that there is not a lot to engage with. Across a number of policy fields, the provinces are in a holding pattern, waiting for a sign of federal intention. In disability policy, for instance, the 2003 Labour Market Agreement for Persons with Disabilities, has been rolled over annually since 2006, despite strong provincial views that it needs to be revisited. Part of this revisiting might be a larger deal of moving around the income and social services aspects of disability policy, along the lines of the National Child Benefit, with the federal government assuming more of an income support role, with provinces able to claw that money out of their social assistance budgets and apply it to employment and other supports for persons with disabilities. Along similar lines, Ontario and several other provinces would appear ready to look favourably on a new childcare program along the lines of the bilateral agreements signed in the dying days of the Martin government, but looking to Ottawa as the engine to bring such a programme into existence is akin to announcing a lack of interest in the file.

In immigrant settlement, the federal government also appears to have withdrawn itself. With multiple streams of entry and new players taking the lead in defining criteria for entrance, national control of immigration is likely to diminish. The paths to citizenship in Canada are now more diverse and multiple players have come to share significant influence over the composition of immigration to Canada. Many observers have warned that this may undermine the country's ability to use the immigration system as an instrument of nation building. Naomi Alboim, for example, notes that “the federal government has devolved to others much of its role in selecting the future citizens of this

³⁰ Mahon, “Childcare”.

³¹ Judith Maxwell, “The Great Social Transformation: Implications for the Social Role of Government in Ontario.” Paper prepared for the Panel on the Role of Government (Ottawa: Canadian Policy Research Networks, 2003).

country... Such bodies do not have the national interest as their primary mandate or objective in selecting people who ultimately become permanent residents or citizens".³² Similarly, Tom Kent has argued that "the federal government's response to the problems has been to shuffle much of the responsibility to provincial governments and to employers for ostensibly temporary work. In the resulting confusion, the national purpose for immigration is lost."³³ Until the COIA is renegotiated, and Ontario gains the control over settlement that it has requested, it is stuck in a holding pattern.

Poverty reduction provides another interesting example. If social assistance largely fell off the policy radar in the 1990s, the concern for developing policies to deal with poverty re-emerged in the early 2000s. Almost all the provinces have recently engaged in some process of developing a poverty reduction strategy, or of taking new steps to alleviate poverty through existing health and social services infrastructure. In all cases, the strategies look up to the federal government to assist in meeting their poverty reduction goals. Predictably, long-standing federal responsibilities around employment insurance and aboriginal peoples are identified, as are calls for action on early learning and affordable housing.³⁴ However, if the Ontario case is at all representative, success in meeting reduction targets are also calculated on the basis of increased federal effort around child and working income tax benefits, so as to lift a sufficient number of the working poor (and their children) over the poverty line.

This tendency to wait on the federal government is reminiscent of the Ontario pattern on childcare and immigration, be it under Peterson, Rae or McGuinty. The difference is that in those cases, there was every reason to believe that the federal government would bring something forward as it was working on its own consultations and reflections on the file. In the current case, the federal government does not have much moving, making the strategy even less likely to bear fruit. This may be a handy form of blame avoidance, but not a terribly effective strategy of retooling social policy for a new era.

Two objections might be raised to this analysis.³⁵ First, it might be asked whether we overstate the weight of Conservative partisan disinterest in social policy, confusing that with the risk aversion of the minority government situation. A Conservative majority government, in that view, might return to the field with a stronger agenda, particularly in the 2014 renegotiation of the Health and Social transfers and equalization. This is certainly quite possible, but in many ways provides more incentive to Ontario to "go it alone." This would ensure that its longer-term social policy goals are more fully integrated into any larger plan of rebalancing "who does what," or alternatively for heading off further attempts to deliver "social policy" directly to Canadians through boutique tax credits. Second, a reviewer asked if the idea that the federal government should be "in the game" was built into the DNA of Ontario voters and, by extension, Ontario governments. While Ontarians have long supported a strong federal role (though see our comments in the conclusion), it is not thereby clear that they see unilateral provincial initiatives as somehow illegitimate. To our knowledge, such a critique has not

³² Alboim, *Adjusting the Balance*, 11.

³³ Tom Kent, *Immigration: For Young Citizens*, Caledon Institute, 2010, 1.

³⁴ Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy* (Toronto: Ministry of Child and Family Services, 2008), ch. 7.

³⁵ We thank our anonymous reviewer for his/her useful comments.

had traction around recent largely unilateral initiatives such as the extension of full-day learning to four year-olds, the development of a poverty reduction strategy, or the extension of basic dental benefits to children of parents with low incomes. It may be that Ontarians have far more instrumental than organic conceptions of federalism than many academic observers of federalism would like to believe.³⁶

Ontario, play ball: Taking the offensive?

In the context of the early 2000s and the reflections of the Ontario Role of Government Panel, the one commissioned report on federalism saw Ontario as placed between collaborating with the federal government in specific areas or joining Quebec in resisting all federal involvement. The report, by the economist Paul Boothe, came down clearly on the side of collaboration using a “separate but complementary” approach. This in turn fed into a strategy of pushing for greater transfers instead of more tax room, noting that while tax room was better for Ontario, it was not politically feasible to obtain this from Ottawa, especially if the point was to be collaborative.³⁷

This sort of collaborative thinking remains congenial to a number of thinkers and projects. To return to poverty policy, recent reflections on the “adult benefits” system propose a separate but complementary approach whereby income support is largely uploaded to the federal government, and the social assistance money thereby freed up is invested in a more substantial and effective training system as well as other supportive social services.³⁸ The Eggleton/Segal Senate report on poverty provided a somewhat less Cartesian division.³⁹ The Mowat Centre’s project on a next great intergovernmental conversation takes a similar line, albeit remaining agnostic on the particular case of income security.⁴⁰ The general line could be extended elsewhere such as policies for people with disabilities, as alluded to above or as set out more controversially in Rick August’s report for the Caledon Institute.⁴¹

However, the change in dynamic caused by the reluctance of the federal government to propose policies to deal with new social risks should lead us to revisit Boothe’s conclusions. The choices seem to be less those of resisting Ottawa or channeling Ottawa into efficient collaborations, than those of taking the offensive or of waiting for Ottawa to eventually develop a renewed sense of social purpose. The latter

³⁶ For a discussion of citizens’ instrumental and organic conceptions of federalism, see Patrick Fafard, François Rocher and Catherine Côté, “Clients, citizens and federalism: A critical appraisal of integrated service delivery in Canada,” *Canadian Public Administration*, 52(4) 2009.

³⁷ Paul Boothe, “Renewal in the Centre: Working with Ontario’s Federation Partners,” Paper prepared for the Panel on the Role of Government, September 2003.

³⁸ John Stapleton, *Transitions Revisited: Implementing the Vision* (Ottawa: Caledon Institute of Social Policy, 2004); Ken Battle, Sherri Torjman and Michael Mendelson, *Towards a New Architecture for Canada’s Adult Benefits* (Ottawa: Caledon Institute of Social Policy, 2006).

³⁹ Standing Senate Committee on Social Affairs, Science and Technology, Subcommittee on Cities, *In from the Margins: A Call for Action on Poverty, Housing and Homelessness* (Ottawa: Senate of Canada, 2009).

⁴⁰ James Pearce, Joshua Hjartarson and Matthew Mendelsohn, *Saving Dollars and Making Sense: An Agenda for a More Efficient, Effective and Accountable Federation* (Toronto: Mowat Centre for Policy Innovation, 2010).

⁴¹ Rick August, *Paved with Good Intentions: The Failure of Passive Disability Policy in Canada* (Ottawa: Caledon Institute of Social Policy, 2009).

course seems particularly risky for several reasons. This includes the indeterminate wait for that social purpose to arise, as well as the time involved in achieving some grand new bargain, provided such a bargain is in fact attainable and politically saleable. This also includes the possibility that that social purpose will fit imperfectly with provincial priorities, or will subjugate provincial performance for federal credit-taking. For instance, given the current state of labour markets, it is not impossible to think of a situation where a federal guaranteed income delivered through a negative income tax proves quite effective, while provincial training programs fail to do much for clients with numerous barriers to employment. Nor is it impossible to think of blame-shifting games where an inadequate annual income pushes the meeting of basic needs and associated costs on provincially delivered services, including housing.

The Quebec alternative in the current period, then, is less one of resisting intrusion, than of taking the lead so as to limit and shape future federal involvement.⁴² Given the interdependence characterizing contemporary governance, it is not as if the federal government can be pushed out of the game. Nevertheless, the capacity of Quebec to carve out a distinctive family policy, and to receive compensation without losing policy control when the federal government moved into the field (albeit with some loss to Quebecers in their ability to fully make use of the childcare expense deduction) is instructive. Ontario obviously lacks the credible national project that gave Quebec additional bargaining leverage, for instance in the case of parental leaves. It also lacks the set of organized social actors to support it in conflict with the federal government. Yet it remains that it would be difficult for the federal government to bring in a program that directly contradicted or undermined key aspects of a well-entrenched Ontario innovation. And it is also true that provincial innovations based on dialogue with organized interests would begin to develop an “Ontario consensus” to back the government.

It would in fact be more difficult to overturn such innovations in cases where Ontario had worked with other provinces to define and debate policy alternatives. Indeed, taking the lead could also take the form of developing the policy role of the Council of the Federation. Rather than having the Council serve largely as an anvil for hammering out provincial common fronts in disputes with the federal government, there might be a point in investing it as a place for provinces to more systematically share their social policy planning and practices. This would locate a space of social policy learning outside the sphere of the federal government and allow for an aligning of provincial policy horizons separate from federal agendas. This would differ from some proposed forms of interprovincialism from the 1990s, such as the ACCESS proposal, as the idea of national standards would not be in play. The point would not be to set and police a national minimum, but instead to develop some shared ideas about policy objectives and of consequential steps to achieving them regardless of federal involvement. Indeed, this strategy might in fact even appeal to those in favour of engaging the federal government, as such discussions might prod the latter into action for predictable reasons of statecraft and citizenship alone.⁴³ In the case of poverty reduction, for instance, thought could be

⁴² Alain Noël, “General Study of the Framework Agreement,” in *The Canadian Social Union Without Quebec: 8 critical analyses* (Montreal: IRPP, 2000).

⁴³ Keith Banting, “Social Citizenship and Federalism: Is a Federal Welfare State a Contradiction in Terms?” in Scott L. Greer (ed.) *Territory, Democracy and Justice: Regionalism and Federalism in*

given to defining a set of successful provincial interventions that could at the same time serve to limit the range of possible federal interventions when and if the latter came to the table.

In the case of immigration policy, Ontario has asked for more control over immigrant settlement services. This would enable the province to adopt more successful integration policies and work more collaboratively with its municipal and voluntary sector partners. Already, initiatives like Local Immigration Partnership Initiative, have proven very effective by fostering more localized services and programmes, tailored to the needs of newcomers and communities. There are opportunities to be seized by Ontario in the field of immigrant settlement to pursue its own agenda. The disengagement of the federal government from social policy stewardship has altered the balance of political forces in the area. New actors, such as municipalities and voluntary sector organizations are now more central to the process of governance. These collaborations could prove very useful in order to provide backup to Ontario if it goes on the offensive. What is more, issues of civic participation, engagement, and inclusion in political and social life are now dealt with at these local and regional scales. Not surprisingly, access to the political arena for many newcomers is increasingly more regionalized and locally based, and detached from the federal government. It means that loyalties and forms of belonging will be increasingly local and could be mobilized to serve the provincial interest if Ontario is so inclined.

Taking the lead would in turn force a reconsideration of the trade-off between transfers and tax points as a means of funding such social policy innovation. In either case, one could imagine that the debate with the federal government would not be gentle, and might take the form of the earlier debate over fiscal imbalance, albeit now in a context where there are no longer predictions of surpluses for as far as the eye can see. The trade-off between transfers and tax points would instead need to be determined on the basis of the preferences of potential provincial allies, and of their capacities to undertake path-shaping reforms under one formula or another.

The changes that we have observed in social policy have altered the constraints and opportunities facing Ontario. They have opened up a space to make claims and representations in the name of those provincial interests. Ontario has long been wedded to the idea that the federal government was the playmaker, stewarding a vision of pan-Canadian citizenship. Those days are gone. With a deficit estimated at \$21.3 billion (March 2010 budget) and a long road to recovery ahead, Ontario needs to get in the game.

Whether Ontario citizens will mobilize around this identity remains to be seen. Ontarians have a long attachment to the Canadian nation. However, there are signs that this attachment is dwindling, or at least shifting.⁴⁴ The recent work on this attachment has remained too focused on Ontarians as customers, and their impressions of getting a “fair share” or being well-treated by different orders of government. But identities are also forged through an active politics of representation. Political representation is a vital

Western Democracies (New York: Palgrave MacMillan, 2006); Daniel Béland and André Lecours, *Nationalism and Social Policy: The Politics of Territorial Solidarity* (New York: Oxford University Press, 2008).

⁴⁴ Scott Matthews and Matthew Mendelsohn, *The New Ontario: The Shifting Attitudes of Ontarians toward the Federation* (Toronto: Mowat Centre for Policy Innovation, 2010).

pillar of democratic engagement and serves as a training ground for citizenship. The federal government has become increasingly detached from citizens, has cut off many routes to political representation and cut funding to advocacy organizations. A strategy of taking the lead based on dialogue with organized interests in Ontario might be more generative of the necessary supportive provincial identities than one might think. This would especially be the case if the result is a set of effective public policies designed for our modern social risks.