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Social policy coordination in Canada: learning from the EU

Policy Paper

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Abstract

In the academic world, contributors who venture a comparison between Canada and the European Union (EU) sometimes draw raised eyebrows and sceptical glances. Some scholars, however, note that in contrast to the tight federalism and strong national government that characterise the United States (US) model, the Canadian model is much less centralised, most of its powers devolving upon the provinces rather than the federal government – which in many ways mirrors the EU model. Such a comparison is particularly fruitful for a discussion of social policy, an area in which Canadian provinces may be able to learn from the EU's Open Method of Coordination, a tool of soft-law governance that promotes goal-setting and mutual learning between Member States. This paper (a) explores the reasons that students of social policy and comparative politics should consider the parallels between Canada and the European Union, (b) briefly describes the instruments of the Open Method of Coordination and what lessons Canada

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might be able to draw from them, and (c) highlights how an evaluation of the OMC might open a window of opportunity for discussions of the social development of Europe. The paper suggests a number of incremental steps that could be taken to encourage policy learning between the provinces and the federal government.

Introduction

The modern vision of a united Europe was initially conceived shortly after the end of the Second World War. The 1957 Treaty of Rome joined six western European nations into the European Economic Community, a loose association with the long-term goals of establishing a customs union and developing a common market. In 1993, the Maastricht Treaty extended existing policy structures to create the European Union (EU) and paved the way for the euro as a common currency. More than twenty years later, the EU is perhaps most appropriately described as *quasi-federal* – a collection of twenty-eight individual Member States forming a unit that in some ways supersedes the nation (Verdun 2015).

Despite its achievement of a single market, a single currency, and free movement of people, goods, services and capital, however, the EU explicitly resists being labelled a 'federation' (Fenna and Knuepling 2012). Indeed, while the supranational government has the power to intervene in key policy areas, including economic and financial matters and environmental legislation, most competences relating to social policymaking remain solidly the prerogative of the Member States. The 1992 Maastricht Treaty formalised the concept of *subsidiarity* – that is, the principle that decisions should be made at the lowest level of government at which they can be effectively carried out (Teasdale and Bainbridge 2012; 758). Thus, the EU has power to act only in those specific policy areas in which action is deemed ineffective at the Member State level.

This unique decentralising principle has obliged the EU to develop mechanisms for cooperation in areas where it has little or no power of legislation. 'Soft' forms of cooperation provide an opportunity for European institutions to suggest and sometimes steer without directly encroaching on the sovereignty of its Member States, thereby effecting change in a manner less abrasive than legally binding directives or regulations (Tömmel and Verdun 2009; Lelie and Vanhercke 2013). One such soft governance tool, codified at the Lisbon European Council in 2000, is known as the 'Open Method of Coordination' (OMC), a practice that provides a framework for Member States to cooperate in directing their policies toward certain common objectives (Pochet 2005; Vanhercke 2014; Zeitlin 2010). The role of the EU is limited to that of observer and surveyor.

At first glance, this discussion of EU soft governance and the Open Method of Coordination may seem irrelevant to Canadian politics. After all, the OMC is a strictly European affair, unrelated to anything that might affect the EU's relationship with Canada. Why, then, engage with the matter here? In the academic world, contributors who venture a comparison between Canada and the European Union sometimes draw raised eyebrows and sceptical glances (Verdun and Wood, 2014). Europe has frequently been compared to the United States (US) in its progression and structure, but rarely has Canada entered into the equation. Some scholars, however, note that in contrast to the tight federalism and strong national government that characterise the US model, the Canadian model is much less centralised, most of its powers devolving upon the provinces rather than the federal government – a system that in many ways mirrors the EU model. Canada is in fact a typical 'decentralised' federal state, which means that the provinces and territories have considerable autonomy.

It is precisely Canada's loose, decentralised federal state and the EU's quasi-federal institutional structure that make a comparison between Canada and the EU particularly apt. While acknowledging the elements of incongruence between the two systems, this paper (a) explores the reasons that students of social policy and comparative politics should consider the parallels between Canada and the European Union, (b) briefly describes the instruments of the Open Method of Coordination and what lessons Canada might be able to draw from them, and (c) highlights how an evaluation of the OMC might open a window of opportunity for discussions of the social development of Europe, especially given the Mid-term review of the Europe 2020 strategy scheduled for the first semester of 2015.

Why are EU policies relevant to Canada?

The reasons for comparing Canada with the EU may not be immediately obvious. Certainly, there are significant disparities between the two systems. European Member States are far more different from each other historically, linguistically and culturally than the Canadian provinces have ever been. Within the past century, some Member States have found themselves on opposite sides during two world wars, whereas Canadians have never fought each other in armed conflict (Wood and Verdun 2011). Europeans speak 24 official languages, whereas only English and French have official status in Canada and 93.8% of Canadians speak one or the other (Government of Canada 2014a). Quite apart from these cultural differences, the developmental history of the EU has resulted in a unique way of managing welfare; national welfare states developed independently of one another, leading to an extensive degree of diversity between one Member State and the next (Wood and Verdun 2011). In Canada, however, the welfare state was instigated by the federal government by means of its spending power, resulting in provincial welfare systems that adopted the same general principles and structure.

These differences may seem to outweigh the similarities and diminish the value of a comparison between the EU and Canada. Nevertheless, scholars have developed a convincing case for why the correlation is appropriate. The following elements should be taken into consideration (Verdun 2014):

1. *The nature of the political system.* The European Union functions in many ways as a single entity, but it is still loose enough that it does not qualify as a federation. Although Canada is considered a federation, it practices a much more decentralised form of federalism than other nations such as Australia, Germany or the United States. Both Canada and the EU navigate the relatively uncharted waters between centralisation and

devolution, and while they are progressing in different directions – the EU centralising, Canada decentralising – their paths have at least momentarily converged.

2. *Identity.* Canadians have developed a strong national identity, formed partly by a sense of *not* being American or European. Canadians consider themselves Canadian before citizens of their respective provinces. Europeans, by contrast, see themselves first as French or German or Bulgarian, and only as a sort of afterthought (if at all) as Europeans. Thus, the level of solidarity and unity is vastly different in the two regions. In spite of this difference, though, there are structural similarities that make their political systems comparable – parliament, council, courts, laws, and so forth – and many of the reasons for which the EU does not consider itself a federation are qualities that Canada shares.

3. *Social policy.* In the EU, most facets of social policy are the prerogative of Member States, meaning that the supranational government has very little competence to interfere. Member States are extremely wary of letting faraway 'Brussels' encroach upon their sovereignty. Yet in spite of formidable political and institutional hurdles, the EU has accumulated substantial regulatory mandates in employment, social and anti-discrimination policy (Vandenbroucke with Vanhercke 2014).[3] Similarly, while Canadian provinces have considerable autonomy over social policy, the Canadian federal government has the ability to intervene by way of monetary transfers and government spending (Asselin 2001). In addition, it carries direct responsibility for unemployment insurance and pensions.

4. *Economic and Monetary Union.* Unlike the euro, Canadian currency is undisputed, but the Canadian federal budget is still relatively small. Most Canadians firmly oppose a large or expansive federal government. In the EU, sentiments run in a similar vein. Thus, while the models are different, these differences are peripheral, not fundamental.

5. *The crisis in the EU versus the crisis in Canada.* Canada escaped many of the worst repercussions of the 2009 economic crisis that sorely affected Europe. In the 1990s, however, it underwent a similar period of severe recession during which the federal government began to retract its commitment to spending, particularly in the area of social policy. This particular phase of Canadian history provides an example from which the EU may be able to draw lessons of both effective and ineffective crisis management.

Given their parallel infrastructures and the commonalities in their management of social policy, Canada and the EU are thus more similar than they may appear at first glance. While

[3] The current legislative output is indeed significant. Around 60 labour market Directives have been introduced since 1987 (Vaubel 2008), as well as more than 20 health and safety directives. There are many more Occupational Safety and Health (OSH) Directives and Regulations, while in gender equality 13 Directives have been adopted so far.

significant differences exist, they do not preclude the possibility that these two entities can learn from each other.

EU Infrastructure and the Open Method of Coordination

The year 2014 proved dramatically different from previous years for European institutions. In the Parliamentary elections held in May 2014, support for the centre-right European People's Party (EPP) waned; although it won a plurality of the votes, it dropped from the 265 seats it had won in the previous election to 221 seats, losing many to conservative parties that distrust European institutions and lobby for a weaker EU role in Member States. For the first time, the President of the European Commission was selected under the terms set out by the 2007 Treaty of Lisbon[4], which provides that the Council will nominate a candidate for President who must then be approved by a majority of the Parliament. In spite of the Eurosceptic victory in Parliament and virulent opposition from British Prime Minister David Cameron, however, the moderate-leaning Jean-Claude Juncker was appointed President of the European Commission. It was the first time the UK has been overruled in opposing a candidate.

These recent developments underscore the fact that, unlike many of the world's long-standing democracies, the EU has not yet fallen into a steady institutional pattern that remains 'fixed in stone' over the years. Regular reforms continue to make significant changes to the structure and process of government, as evidenced by the provisions of the Lisbon Treaty. The unsettled nature of EU institutions makes the European project something of an ongoing experiment; policymakers are continually searching for new, innovative tools to better manage the unique challenges that stem from the development of a supranational organisation. One such tool is the Open Method of Coordination, or OMC.

The EU comprises three primary institutions that manage most European governance:

1. *The European Commission* is the executive body that enforces EU law and in which most policymaking takes place. It also plays a key stimulating role in the context of 'soft' European cooperation (Vanhercke and Lelie 2012).

2. *The European Parliament* constitutes the first division of the legislative branch, whose powers have increased with successive treaties. Most legislation needs its agreement to pass, but its soft governance powers are very limited in scope.

3. *The Council of the European Union* forms the second division of the legislature and is composed of several different formations of national ministers.[5] The Council represents the Member States' governments and, unlike the Parliament, is not directly elected by the

[4] The Lisbon treaty came in force in late 2009.

[5] For example the Employment, Social Policy, Health and Consumer Affairs (or 'EPSCO') Council formation; and the Economics and Finance (ECOFIN) formation.

constituents. It has significant influence over soft governance in the EU, notably through the different committees (composed of national civil servants and the EC) that underpin its work.[6]

Other institutions, such as the Court of Justice and the European Central Bank, have important functions in furthering European progress, but they are largely unconnected to soft governance in social policymaking. All three of the above institutions run under the explicit principle of subsidiarity, meaning that their powers extend only as far as absolutely necessary to achieve the goals of the Treaties and that the expansion of legal EU powers is actively discouraged. Thus, soft governance policies form a crucial part of European governance, as they provide a way for Brussels to direct and encourage without encroaching on Member States' sovereignties.

Defining the OMC

Although it has no formal definition, the OMC could be described as a cyclical process of policy reporting and evaluation, which should facilitate learning between the twenty-eight Member States and thereby improve policies. Member States are not obliged to act, but they convene to identify and define general objectives (say, political priorities) to be achieved, establish measuring instruments (like indicators and targets) and exchange good practices to improve their own policies.

The OMC initially emerged as a tool by which Member States could evaluate whether their economic policies were consistent with the Economic and Monetary Union, but this cycle of policy learning was not explicitly outlined nor broadly applied to other areas of policymaking until 2000 (Pochet 2005). When the European Council held a special meeting in Lisbon during March of that year, it described the 'new open method of coordination' as 'the means of spreading best practice and achieving greater convergence towards the main EU goals' (European Council 2000). It then lists the four steps that the process involves:

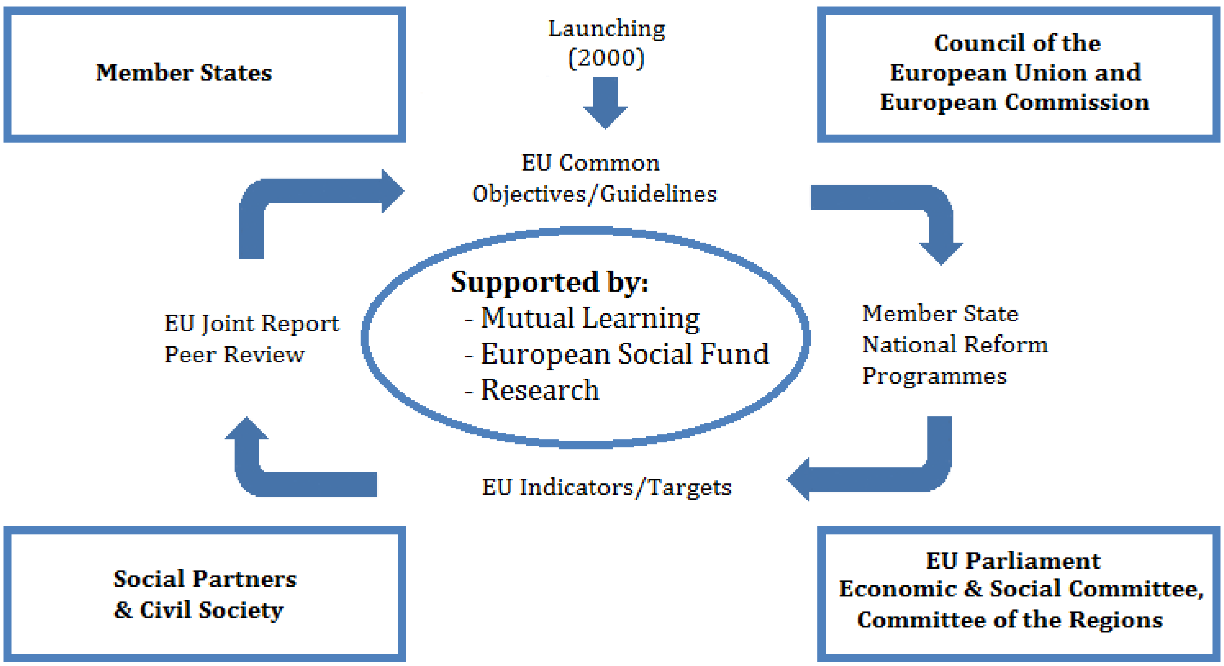
1. 'Fixing guidelines for the Union combined with specific timetables for achieving the goals which they set up in the short, medium and long terms;'
2. 'Establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practice;'
3. 'Translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences.'
4. 'Periodic monitoring, evaluation and peer review organised as mutual learning processes.'

[6] Social Protection Committee (SPC), the Employment Committee and the Economic Policy Committee (EPC).

(European Council 2000)

Thus, the OMC might be seen as a group effort toward individual improvement, characterised by self-imposed goal-setting, changes in policy, and subsequent evaluation. It is a recurrent policy cycle that is overseen by the Commission and the Council (and especially its advisory Committees, cf. supra). The following diagram illustrates the process in an ideal situation:

The Open Method of Coordination: A Three-Year Cycle



Lelie and Vanhercke, 2013.

Since its formal introduction in 2000, the OMC process has spread to more than ten policy areas – among them, social policy. The post-Lisbon enthusiasm for policy cooperation through the OMC came to a rather abrupt end in 2004, when the High Level Group headed by former Dutch Prime Minister Wim Kok assessed the Lisbon Strategy and stated that 'The open method of coordination has fallen far short of expectations.' He called for 'a radical improvement of the process' (Kok 2004: 42), including through naming, shaming and faming (Kok 2004: 43). While the operational conclusions of the Kok report were largely dismissed by the European Council, the re-launched 'Lisbon II' Strategy from 2005 onward focused on jobs and growth. The Broad Economic Policy Guidelines and Employment Guidelines were merged into a single set of 'Integrated Guidelines', on which reporting was to take place through new National Reform Programmes. The Social OMC was reduced to a 'parallel' process to the revised Lisbon Strategy, rather than an integral (but rather weak) part of it.

To some extent, this situation has been corrected through the initial design of the Europe 2020 Strategy, which replaced the Lisbon Strategy in 2010 and is intended 'to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion' (European Commission 2010). Thus, at the time when it was launched, Europe 2020 had a rather all-encompassing political agenda (to some extent, a return to the original Lisbon Strategy) and provided considerable visibility and importance for employment and social inclusion. More concretely, Europe 2020 has been organised around three integrated pillars: macroeconomic surveillance, thematic coordination (in areas such as employment, education and social inclusion) and fiscal surveillance under the Stability and Growth Pact.

Thematic coordination under Europe 2020 combines EU priorities with EU headline targets and seven EU flagship initiatives. Thus, 'inclusive growth' is one of Europe 2020's key objectives: it includes targets to raise to 75% the employment rate for women and men aged 20-64, to lift at least 20 million people out of the risk of poverty and exclusion and to reduce the rate of early school leaving to below 10%; it presents flagships on 'An agenda for new skills and jobs' and the 'European Platform against poverty' (Sabato and Vanhercke 2014); and finally, it creates four Integrated Guidelines that concern employment, including Guideline 10 on promoting social inclusion and combating poverty. (The first six guidelines relate to the economic policies of the Member States and the EU.) While at first sight the employment and social issues in the Europe 2020 Strategy had some visibility, these were quickly subsumed by the other objectives.

Has the OMC succeeded?

It has been nearly a decade and a half since the OMC was formally established, and we are on the verge of the Mid-term review of the Europe 2020 goals that were set in 2010. The review will evaluate the tools that have been used thus far to achieve such benchmarks as those listed above (European Commission 2014).

As Europe prepares for this Mid-term review, critics are divided on the effectiveness of the OMC. Vanhercke (2010) notes that whether "the OMC has delivered the goods" has been widely debated in the OMC research community: once the initial praise for the OMC (both by politicians and scientists) started to wane, the process was subjected to intense scrutiny and found wanting in mainstream academic literature because of its institutional weakness. Some insist that it has indeed made a significant difference in nations across the EU; others claim that it has been a frail and ineffective instrument in policymaking since its inception (see Vanhercke 2010 for a more detailed discussion). Collignon *et al.* (2005) describe the 'weakness of the peer pressure system,' noting that the OMC relies on a naming-and-shaming system that was borrowed from the world of corporate management. While it works at the level of a firm because of the clear and established hierarchy, 'its use in the European context, where the chain of command is far less clear, is problematic' (Collignon *et al.* 2005). Smismans (2004) labels it the

> 'open method of centralisation, "centralisation" since it leads to the definition at the central European level of policy choices – without broad scope of political debate – that otherwise would be taken at lower levels, and "open" not in the sense of assumed

> increased participation of stakeholders and public scrutiny, but merely being open-ended in its outcomes.'

Thus, the OMC is criticised as insufficiently powerful in its implementation, insufficiently transparent and democratic in its procedure, and insufficiently concrete in its proclaimed outcomes.

At the same time, however, the scholarly community has recently produced far more optimistic assessments of the OMC. The Social OMC has indeed had an impact (both in terms of policy substance and procedure) on social policymaking in a range of Member States, especially in the field of social inclusion (Barcevicius 2014; Vanhercke 2014). Tholoniat (2010) acknowledges that although the instability (constant change, frequent reviews, and streamlining exercises) of the OMC is often seen as a sign of fragility, it could in fact be the OMC's greatest strength (Börzel and Eckert 2012; Sabel and Zeitlin 2012). 'In particular,' he says, 'while they remain subject to political shifts, OMC processes have established an institutional, administrative, and knowledge infrastructure that allows the EU to deal with socio-economic matters long associated with national sovereignty' (Tholoniat 2010: 94).

Perhaps the best way to reconcile these varying evaluations of the OMC's effectiveness would be to say that no, the process is not perfect and has clearly failed to accomplish everything that participants had hoped for. As a tool of soft-law, however – something undeniably necessary in the face of nations unwilling to surrender autonomy in the field of social policy – it has indeed become a valuable policy instrument and should be retained as the EU heads into the second half of the decade and attempts to increase its efficacy, transparency, and democratic value. As Sabato and Vanhercke (2014) recently argued when assessing the European Platform against Poverty, it would be a real waste to 'throw away the baby with the bathwater.' Thus, taken with a grain of salt, the OMC could prove to be a useful model for other nations.

Canadian social policy and the applicability of the OMC

As it did with much of the globe, the Depression of the 1930s plunged Canada into a deep crisis that changed the nation's perception of government's role in the economy and society. Intervention from Ottawa became necessary to help fuel the war effort, and Keynesian economic theories began to percolate and encourage reform at all levels of government (Asselin 2001). When the present nation of Canada was formed in 1867, it was largely a decentralised union. The federal government had only limited authority in the area of social programmes, but it grew more powerful in the post-war era as it began to use its spending power to promote social measures such as the family allowance program and hospital insurance. It took a constitutional amendment to authorize federal leadership in unemployment insurance.

The scope of national-level and provincial-level powers in social policy, however, remains ambiguous. Although the provinces (especially Quebec, which has historically been the most outspoken in defending its sovereignty) have tried hard to exert their authority in areas of social policy, the federal government still retains a large degree of influence by way of its ability to spend. Legislation in Canada is silent on the matter of fiscal transfers, meaning that Ottawa –

while it might not have legally-granted powers in certain areas – can still throw its weight around with the money it takes in from taxation (Asselin 2001). In 1991, the federal government, whose payments to British Columbia covered 50% of the costs of social assistance and welfare in that province, put a 5% growth cap on those payments. The provincial government protested and brought its grievances before a legal council, but the Supreme Court of Canada ultimately ruled that 'the court has a discretion to refuse to answer questions which are not justiciable' (Canada Supreme Court 1991) – meaning, essentially, that the courts could decline to involve themselves in the matter of fiscal transfers because the process was political, not legal. This case, along with several other important court rulings, implicitly legalised the use of federal spending to influence social policy, even though responsibility for social policy had largely been allocated to the provinces.

Brussels' budget comprises a much smaller portion of Europe's GDP than Ottawa's portion of Canada's, but the two governing bodies are nonetheless similar. Unlike Canada, the EU does not exert power over social policy by means of fiscal transfers (with the exception of the relatively tiny European Social Fund), and it is highly unlikely that it will ever amass enough financial resources to do so. Just as in Canada, however, the EU's room for manoeuvring on the social stage (at least in terms of legislation) is constrained, and it instead resorts to other means of coordinating and improving the social and labour market policies that affect its citizens – namely, through the Open Method of Coordination.

As a growing body of scholarship demonstrates, there are various good reasons why Canada might indeed consider adopting a European-like method to better coordinate social policy across the provinces. The current trend toward Canadian decentralisation (compounded by the recent economic crisis) has severely challenged the strength and viability of many of Canada's social programmes, including health care, social assistance and post-secondary education. Although Ottawa has had control over Canada's nation-wide unemployment benefit scheme since 1940, Wood draws attention to the lack of coordination between the provinces on many employment-related issues. 'Since both orders of government in Canada are significantly involved in the policy domain,' she notes, 'it is essential that the multilevel governance *system* that coordinates federal-provincial relationships and ensures coherence across Canada is as effective as the actual labour market programmes that operate within it' (Wood 2013: 287).

Rather surprisingly – at least from a European perspective – there appears to be very little political support in Canada for developing a similar toolbox. The decentralisation of employment and social assistance programmes to allow for more flexibility is perhaps laudable, but Wood argues that Canada has failed to establish complementary institutions to ensure that coordination, coherence, mutual learning and information-sharing function on a pan-Canadian level. First, since the federal government stopped producing regular social assistance statistics in 1996, there has been no standardisation of data, making it nearly impossible to evaluate provincial performance on a normalised scale (in contrast to the harmonised set of 'Laeken' indicators to compare poverty and social exclusion between the EU Member States). Some provinces continue to circulate figures, but the publications are often irregular and explicitly advise against using the information for cross-jurisdictional comparison. The lack of complete data has caused the process of mutual learning – which was highlighted as one of the most competitive advantages of the decentralisation of social policy – to fail entirely. This contrasts with regular efforts made by provincial/territorial Ministers of Education to compare primary and secondary student outcomes[7].

Second, while there are ministers of social services in both national and provincial levels of government, the formal institution designed to allow them to regularly meet and share best practices has atrophied. Wood remarks (with not a small degree of acerbity) that as of the publication of her article in 2011, these ministers had not coordinated and carried out a meeting since 2006 (Wood 2011: 4). Few efforts have been made by the provinces or by the federal government to promote mutual learning, resulting in thirteen veritable laboratories of social policy that fail to communicate their discoveries with each other; in the EU, in the meanwhile, mutual learning is further developed under the ‘multilateral surveillance procedure’ of the Europe 2020 Strategy (Zeitlin and Vanhercke 2014). This silence on the part of each province or territory leaves the others to muck about on their own, making many of the same mistakes and coming to many of the same conclusions about the functioning of the welfare state.

It was a similar need for conversation between nations that spawned the European OMC. In the EU it was perhaps even more necessary than in Canada; while Canadian provincial welfare systems all stem from a similar heritage and have developed along the same lines, the EU Member States boast nearly thirty different sets of social policy that have developed individually, with roots in an incredibly diverse, entirely incohesive smattering of ideologies, cultures, and languages. EU officials have been faced with the monumental task of using soft-law governance to reconcile these structures to a sufficient degree that they would not be a hindrance to the free movement of labour and services across Member States’ borders. Even if the OMC has not succeeded to the extent that had been hoped, policymakers still vouch for its value in coordinating various realms of government where legislation does not oblige conformity.

Were Canadian governments to introduce an Open Method of Coordination for social policy, it would create a forum in which each provincial laboratory would contribute to a bank of knowledge from which the others could then draw. It would permit quicker and more innovative policymaking that better meets the needs of Canadian citizens, but still allow for the flexibility and immediacy that result when social competences are in the hands of the provinces. Of course, such a method would have to be modified to suit the nuances of Canadian law and politics, but it would have some of the same elements as the European OMC, including the establishment of common objectives, the setting of concrete goals in the form of benchmarks, the adaptation of provincial programmes and legislation to reach those goals, and the regular evaluation of progress against the standards of those benchmarks. It is a broad formula, to be sure, but its application could ignite a dialogue of constructive criticism between the provinces and territories and change the face of Canadian social policy.

[7] See http://www.cmec.ca/9/Publications/index.html.

Consider in this context what is perhaps the most recent and innovative development in mutual learning in the EU's Europe 2020 Strategy: so-called "ex ante reviews" of prospective social reforms that are now being conducted by the Social Protection Committee. During 2014, five EU Member States volunteered to present their planned reforms in the fields of minimum income, incapacity-for-work benefits, active inclusion, long-term care, and pensions, respectively (Zeitlin and Vanhercke 2014). The plans were reviewed by the Commission and a peer country and vigorously discussed by other Member States in the committee. The countries that presented appear to have particularly appreciated the exercise, as they benefitted from 'experience-based feedback of other Members who had implemented similar reforms in the past', including what not to do, and 'received concrete advice on how to improve the policy design of the envisaged reforms and work toward acceptance of difficult policy choices' (Zeitlin and Vanhercke 2014: 42-43). The exercise proved so popular that five more Member States presented their own reforms for ex ante review in the autumn of 2014.

Broadening the discussion: Can the EU learn from Canada, too?

This process of mutual learning, however, does not function just from east to west. The word 'mutual' implies a give-and-take arrangement on both sides of the equation, not just one. Keen readers will be quick to point out that by no means has the OMC been a panacea; since 2009, the EU has suffered through the worst financial and economic downturn since the Great Depression, and no amount of coordination – nor indeed legislation, deliberation, or lamentation – has been able to restore Europe to pre-crisis levels of employment and growth. Almost in concert, eurosceptics have risen to a major victory in the European Parliament while the UK is scheduled to put its EU membership to a vote in 2017. Anti-EU sentiment is rife across the Union, fostered by continuing economic woes and threats from outside Europe's borders. In 2004, Jeremy Rifkin almost went so far as to argue that Europe had achieved the summit of earthly perfection, that what he calls the *European Dream* – an emphasis on community relationships, cultural diversity, quality of life, sustainable development, universal human rights, and global cooperation – would soon eclipse the long hegemony of the American dream (Rifkin 2004). The last ten years, however, have revealed cracks in the EU infrastructure that were not yet visible in 2004, certainly not in the wake of the ambitious ratification of the Maastricht Treaty or the successful introduction of the euro. The 2009 crisis rapidly sobered the optimists and reminded all of Europe that the project of European integration was still far from complete. Indeed, a decade after Rifkin came out with his influential book *The European Dream*, Greek economics professor Loukas Tsoukalis published *The Unhappy State of the Union*, which serves as an antithesis to the former in almost every way. Tsoukalis urges caution about Europe's future:

> '[…] Europe is courting with deflation, while growth is likely to remain modest, fragile and uneven in the foreseeable future. The large numbers of unemployed will be unable to find jobs any time soon and political extremism is on the rise. Public debt is now much higher than it was at the beginning of the crisis and private debt also remains very high. Europe seems to be facing the future on a wing and a prayer'.

> ‘Europe needs a new grand bargain to break its Gordian knot. The initiative can only come from the strong, not from the weak. […] The new grand bargain will require a broad coalition of countries and the main political families in Europe to recognise the value of the European project and the need to give it new shape and form in a rapidly changing environment.’ (Tsoukalis 2014: 13, 14)

Sundry voices are beginning to acknowledge that if the Union is to survive, it must unite on fronts that are more than simply economic or monetary. Vandenbroucke with Vanhercke (2014) argue that social divergence threatens to undermine the stability of the European project itself because it encourages thinking in terms of ‘us’ and ‘them’ (‘the South’ versus ‘the North’), which detracts from the legitimacy of the Union. Member States must be able to trust each other’s internal social structures, they insist, if a fiscal union is to be sustained between them. Quite obviously, a number of ‘tough nuts’ will need to be cracked on the path to a Social Union (Vandenbroucke with Vanhercke 2014: 51).

What measures, then, must the EU take to work toward a social union, and how is the Canadian example relevant? There has been talk of introducing a European minimum income (Peña-Casas and Bouget 2014), implementing better means of promoting gender equality (Ghailani 2014), or developing a currency union of “Social Investment” welfare states (Hemerijck 2014) – but perhaps a more germane discussion would be on the possibility of a European unemployment benefits scheme. As it searches for ways to navigate the integration process in the years to come, the EU will be confronted with problems that force policymakers to consider similar solutions, such as an unemployment benefit scheme for all EU citizens. Some academics are already weighing the costs and benefits. Fichtner (2014) argues that the EU needs a fiscal transfer system to stabilise economic fluctuations and compensate for the expansionary monetary policy of the European Central Bank, and he outlines this system in the form of a pan-European unemployment benefit scheme. It would be a supplement to, not a replacement of, national employment insurance programmes, and it would permit the flow of money from the more prosperous economies to those that are struggling to stay afloat.

In 1940, a Canadian constitutional amendment gave the federal government complete jurisdiction to develop a form of unemployment insurance, one that would be distinct from provincial powers in the field of social policy. From this amendment was born the Canadian Employment Insurance Programme, commonly known as EI, which provides a temporary income substitute for citizens who have lost their jobs, fallen ill, become pregnant, or been obliged to provide long-term care for a family member (Government of Canada 2014b). It has a degree of flexibility that has allowed it to adjust its scope according to Canada’s needs, ranging from a limited programme based on insurance principles to a more complex and sweeping programme designed to accommodate a broad portion of the labour force (Dingledine 1995). Employers and employees contribute a portion of insured earnings in exchange for receiving benefits in the event that they should lose their jobs. Although revenue and expenditure vary from year to year, in the long term the premiums collected are expected to cover both the administrative and the distributive costs of EI – and indeed, during many years between the mid-nineties and the economic recession of 2008, it produced a surplus rather than a deficit (Makarenko 2009).

Such a federally managed, self-sustaining programme provides an equalised economic recourse for all Canadians, functioning under the acknowledgment that the national government has a social obligation to its citizens regardless of province or territory. Policymakers who take seriously the necessity of further social integration will be searching for examples on which to base an EU unemployment benefit scheme – and may well consider looking to Canada's EI program as a potential model.

Conclusion

'The crisis has only been paused,' warned Jean-Claude Juncker, the new president of the "last-chance"[8] European Commission, in the agenda he published in July 2014. 'We must make use of this pause to consolidate and complement the unprecedented measures we have taken during the crisis, simplify them and make them more socially legitimate' (Juncker 2014: 6).

Canadian Prime Minister Stephen Harper seemed to have the answer to Juncker's call for consolidation and simplification when at a G20 Summit in 2009 he somewhat light-heartedly remarked, 'Canada remains in a very special place in the world. We are the one major developed country that no one thinks has any responsibility for this crisis… In fact, on the contrary, they look at our policies as a solution to the crisis. We're the one country in the room everybody would like to be' (Ljunggren 2009). In 2012, he predicted that the EU was 'running out of time' to solve the economic crisis, and that its failure to do so would have repercussions that stretched across the Atlantic (Kennedy 2012). His advice to Europe? Be more like Canada[9].

Perhaps an EI-like system of unemployment benefits would have helped the EU to redistribute wealth to weaker parts of the Union, thereby contributing to the launch of an effective recovery programme shortly after the recession began. But perhaps an OMC-like system of benchmarks, evaluation, and communication between the Canadian provinces and territories would have allowed them to better coordinate social programmes to minimise the effect of the financial meltdown. The structural and institutional similarities between the two make a compelling argument for why each should consider a serious study of the political tools the other has adopted – and each has different strengths and weaknesses that complement the other.

Resistance to an EU-wide European unemployment benefit scheme will remain too high for the foreseeable future for any short-term implementation to be viable. Canadian provinces are becoming increasingly autonomous and loath to turn over any additional form of competence to the national government. Still, though, as both Canada and the EU face an uncertain economic and financial future, policymakers, stakeholders, and citizens alike should recognise that such

[8] The President warned that voters were losing patience with EU bureaucracy and a failure to create prosperity. In his view it is therefore the "last-chance Commission", as the EU has reached a perilous point in its history (Juncker, 2014).

[9] Or at least, learn lessons from that country.

issues will not always be avoidable. We must acknowledge that much potential for smart, sustainable, and inclusive growth lies in what we can learn from other forms of government and policymaking.

The present paper argued that ongoing policy learning between EU Member States can serve as inspiration for provincial and territorial coordination of social policy in Canada, notably for building institutions that encourage learning from each other's best practices. Arguably, this would need to be done through several incremental steps, though not necessarily in this order:

- *Agreeing on the framework* (the mandate): the federal government and all or some of the Canadian provinces could try to agree on some general, overarching objectives in the area of social policy. These objectives could concern, for example, social protection and poverty outcomes, as well as principles of good governance – that is, the way in which policies are developed.
- *Building a consensus on the prioritization* of a few main challenges to be addressed, such as activation, tackling child poverty, access to pharmaceuticals, or homelessness.
- *Constructing the knowledge base*: creating some statistics that facilitate comparisons among Canadian provinces' performances on similar, or in due time even harmonized, indicators (known as quantitative benchmarking).
- *Engaging in a benchmarking process*: the federal government may consider how to encourage Canadian provinces to come together systematically to discuss their respective successes and failures in the area of social policy; the EU's 'peer reviews' may provide an interesting methodology which could be adapted to the Canadian setting.
- *Provincial reporting* on social policymaking: if desired, provinces could explain to each other what progress has been made and which challenges remain, with the goal of furthering the objectives that have been agreed in step 1.

Seen in this light and considering the possibility of these steps, drawing lessons from Europe's Open Method of Coordination for federal, provincial and territorial coordination of social policy in Canada may not seem so far-fetched after all.

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