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## ABSTRACT

There is broad recognition in Canada that offering both early childhood education to strengthen healthy development for all children and child care to support mothers' workforce participation is in the public interest. Noting that Canada does not currently provide adequate early childhood care and education, this paper examines federal/provincial jurisdictional obstacles to a national child care strategy, especially those that arose in the 1990s. The paper first examines how a national child care program has been envisioned over the years, and clarifies the proposed roles and responsibilities of the various levels of government. This part examines three failed attempts to secure a national child care strategy in the context of the shifting federalism between 1984 and 1995. The paper also analyzes child care within the concept of the social union that began to be debated as the federal role in social programs waned in the 1990s. Finally, the Social Union Framework Agreement of February 1999 and its possibilities for a national child care program are appraised. The paper maintains that the Agreement's principles and state objectives not only create a new imperative for a national child care strategy but also provide new opportunities for implementation. The paper also argues that federal leadership is necessary for any national child care strategy's success, and proposes that an effective national strategy be used as a benchmark from which to evaluate nation-shaping political arrangements such as the Social Union Framework Agreement. Appended is a list of the presentations from the conference at which this paper was originally presented. (Contains 63 references.) (KB)

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**CHILD CARE AND CANADIAN  
FEDERALISM IN THE 1990s:  
CANARY IN A COAL MINE**

**Occasional Paper No. 11**

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Child Care and Canadian Federalism in the 1990s:  
Canary in a Coal Mine

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August 2000

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## Contents

Preface		1
Introduction	Why early childhood care and education is a matter of national importance	3
Section 1	Models of child care and patterns of federalism: History context and framework	9
Section 2	Child care and the Social Union	19
Section 3	The Social Union Framework Agreement: A race to the top	25
Section 4	What happens next? Proposals for Action	35
Appendix A		43
References		47

## Preface

This paper was originally presented at Good Child Care in Canada in the 21<sup>st</sup> Century: Preparing the Policy Map, a national conference held in Toronto May 29- 30, 1999. The conference papers are to be published as a book by University of Toronto Press edited by Gordon Cleveland and Michael Krashinsky in 2000. A complete list of the conference presentations and discussants' comments can be found in Appendix A.

Thanks to University of Toronto Press and to Professors Cleveland and Krashinsky for permitting the publication of this paper as a CRRU Occasional Paper.

## INTRODUCTION

### Why early childhood care and education is a matter of national importance

In the end of the 1990s, there has been a convergence of ideas about why good quality child care is an issue of national importance for Canadians. A National Council of Welfare study is a good reflection of contemporary thinking about the importance of early childhood care and education not only for individual Canadian children and families but for Canadian society-at-large:

*Good child care makes an enormous difference in the ability of poor families to find and keep jobs. Affordable child care supports those families that are not poor stay in the workforce. But beyond all this, good child care is an excellent opportunity to provide early childhood education and to ensure that all children have the same chances for good development.*

*Good early childhood education has enormous benefits for children, their families and their communities. All the population health research tells us that early childhood experiences are among the most important determinants of a person's health...Preventing problems and ensuring that children have the best possible early development makes good economic sense...*

*...Many social programs support families but child care is the backbone of them all.<sup>1</sup>*

Research and policy analysts in diverse fields — economics, health and medicine, education, and human rights — have come to support traditional advocates in feminist, social justice and trade union circles to insist that action on child care is imperative. There is broad recognition that a strategy for developing early childhood services that offer both early childhood education to strengthen healthy development for all children and child care to support mothers' labour force participation is in the public interest.<sup>2</sup>

This view that early childhood care and education is a public good is now advanced by experts from economics<sup>3</sup>, health<sup>4</sup>, education<sup>5</sup>, and with social

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<sup>1</sup>. See National Council of Welfare, *Preschool Children: Promises to Keep* (Ottawa: Author, 1999), 70 and 89.

<sup>2</sup>. See M. Friendly, What Is the Public Interest in Child Care?, in *Policy Options*, 18(1), 5-6. (1997).

<sup>3</sup>. For example T. Kent, *Social Policy 2000: An Agenda* (Ottawa: Caledon Institute of Social Policy, 1999); G. Cleveland, and M. Krashinsky, *The Benefits and Costs of Good Child Care: the Economic Rationale for*

perspectives.<sup>6</sup> At the same time, early childhood care and education is a fundamental part of a human rights agenda, both from the point of view of the child<sup>7</sup> and parents, or mothers.<sup>8</sup>

That Canada does not provide adequate early childhood care and education has been well documented and is not in dispute. In the 1990s, Canadian child care is as characterized by inadequacy, fragmentation and incoherence, as it was two decades ago. The mishmash of services offers “education”, mostly part-day kindergarten for almost all five-year-olds. However, as it is part-day, and of only one year’s duration, Canadian preschoolers’ early opportunities are more limited than those of their peers in most countries in mainland European nations where virtually all three to five-year-olds attend publicly-funded full school-day programs. To fill this gap, some preschoolers younger than kindergarten age attend part-day nursery schools, regulated in most provinces as child care — if their parents can afford to pay.

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*Public Investment in Young Children*. Toronto: University of Toronto, Centre for Urban & Community Studies, Childcare Resource & Research Unit, 1998); and A Survey of Women and Work, in *The Economist*, p. 16, July 18, 1998).

- <sup>4</sup>. For example National Forum on Health, *Canada Health Action: Building on the Legacy*. (Ottawa: Author, 1997); Townson, 1999; D. Keating, and C. Hertzman (Eds.), *Developmental Health and the Wealth of Nations: Social, Biological and Educational Dynamics*. New York: Guilford Press, 1999; G. Browne, C. Byrne, J. Roberts, A. Gafril, S. Watt, S. Haldane, I. Thomas, B. Ewart, M. Schuster, J. Underwood, S. Kingston, and K. Rennick, *Benefitting All the Beneficiaries of Social Assistance Is Within Reach: a Report of the Two-year Effects and Expense of Subsidized Versus Non-subsidized Quality Child Care/recreation for Children on Social Assistance* (Hamilton, ON: McMaster University, System Linked Research Unit, 1998); and British Columbia Ministry of Health & Ministry Responsible for Seniors, *A Report on the Health of British Columbians: Provincial Health Officer’s Annual Report 1997. The Health and Well-being of British Columbia’s Children* (Feature Report) (Victoria, B.C.: Author, 1998).
- <sup>5</sup>. For example F. Mustard and M. McCain, *Reversing the Real Brain Drain: The Early Years Study*. Final Report. (Toronto: Canadian Institute for Advanced Research, The Founder’s Network, 1999); and Council of Ministers of Education, Canada, *Preparation for Learning: Preschool Education. A Discussion Paper for the CMEC Third National Forum* (Toronto: Author, 1998)
- <sup>6</sup>. For example P. Moss and H. Penn, *Transforming Nursery Education* (London, England: Paul Chapman Publishing Ltd, 1996); and National Council of Welfare (1999).
- <sup>7</sup>. For example United Nations, *Convention on the Rights of the Child* (United Nations: Author, 1991); and Council of Europe, *The Rights of the Child: A European Perspective* (Strasbourg, Germany: Author, 1996).
- <sup>8</sup>. See United Nations, *Convention on the Elimination of All Forms of Discrimination Against Women*. (CEDAW) (New York: Author, 1979).

The labour force participation rate of Canadian women with children aged 0-6 has been above 65% for some years, and is higher than it is in many other industrialized nations. Yet the availability of good quality care for their children has improved little in the last two decades with the vast majority cared for in informal arrangements that are by no stretch of the imagination “early childhood education”. Child care services to permit parents’ workforce participation are in short supply, meeting only about 12% of the need, and inadequately funded so that they are often too expensive for ordinary parents. Early childhood educators and other caregivers earn poor wages and believe that their work is not valued by the public.<sup>9</sup>

While most early childhood care and education services are under provincial aegis, several other early childhood programs with similar objectives are fully funded by and the responsibility of the federal government. The federal government also delivers a tax deduction directly to parents to cover the cost of work-related care.

Every aspect of early childhood education and child care varies widely across Canada’s provinces and territories — the range of services offered, eligibility, funding, statutory requirements for their provision, monitoring and enforcement of standards — and there may be almost as much range within provinces as there is among them. The objectives of programs providing early childhood care and/or education range from providing opportunities for healthy child development to ensuring that children are ready to learn at school-entry age to providing a head start for children at-risk to supporting the transition of single mothers from welfare to work to supporting the workforce participation costs of parents with young children.<sup>10</sup>

It is sometimes suggested that this wide variety is an appropriate response to regional diversity in community needs. In reality, however, early childhood care and education services in most of Canada have been developed so incoherently that although each province and territory has a tangle of programs, only a small minority of children and families has access to the services they need or that their parents want. A statement made by a 1988 Senate committee studying child care still rings true in 1999:

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<sup>9</sup>. See J. Beach, J. Bertrand and G. Cleveland, *Our Child Care Workforce: From Recognition to Remuneration. More Than a Labour of Love. Main Report.* (Ottawa: Child Care Human Resources Steering Committee, 1998).

<sup>10</sup>. See Friendly (1997).

*Provincial child care programs resemble each other...in what they lack...our intention is...to suggest how rudimentary (the) system really is*<sup>11</sup>.

In 1988, the Canadian National Child Care Study defined child care as "any form of care... while parents were engaged in paid or unpaid work, study, or other personal or social activities..."<sup>12</sup> Thus, the Study's concept of child care didn't include kindergarten, nursery school, or other early childhood programs for socialization, education or healthy development unless they were linked with parental activities.

Since then, however, the definition of "child care" has shifted so that it is now closely linked not only to parents' activities (usually employment or training) but to the idea that early childhood education is essential for optimal healthy development.<sup>13</sup> Thus, it is understood that it is possible and desirable to include both "care" and "early childhood education" within one inclusive service as European nations do. The term "early childhood care and education" or "early childhood development" underlines a shift in emphasis away from segregated services — oriented or restricted to children with working parents, or to advantaged children whose parents want to provide optimal developmental opportunities, to poor children, children with disabilities, children whose mother is in a training program, children at risk — to a coherent, well-designed, inclusive system of services that can provide both care and early education for all children, and support for their parents, both in and out of the paid workforce. An UNICEF education report sums up the contemporary wisdom about this when it says "there is a growing consensus that childcare and early education are inseparable."<sup>14</sup>

### **What is this paper about?**

Given its importance, why has Canadian child care and early childhood education never developed beyond a rudimentary level and has even deteriorated in the 1990s? Why has a nation which was able to create a national system of health care, at one time recognized as one of the best in the world, not been able to create a social program to support the healthy development of its youngest children? A number of analysts have

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<sup>11</sup>. See Senate of Canada, *Report of the Subcommittee of the Standing Committee on Social Affairs, Science and Technology, 1988* (Ottawa: Author, 1988), p. 1

<sup>12</sup>. See D. Lero, H. Goelman, A. Pence, L. Brockman, and S. Nuttall, *Parental Work Patterns and Child Care Needs. The Canadian National Child Care Study* (Ottawa: Statistics Canada/Health and Welfare Canada, 1992), p. 17

<sup>13</sup>. See National Council on Welfare (1999).

<sup>14</sup>. UNICEF, *The State of the World's Children: Education* (New York: UNICEF, 1999), p.71

examined this question (or related questions), putting forward rationales that draw conclusions about the strength of maternalism, beliefs about the role of government, how women's groups relate to government, and the nature of legal systems.<sup>15</sup>

However, it is apparent that at least at one level, part of the answer lies on the terrain of Canadian federalism, especially as federal/provincial understandings have shifted in the 1990s.<sup>16</sup> For example, in their 1997 analysis, Bach and Phillips postulate that child care could be "the first fatality of the construction by the Federal and Provincial governments of a New Social Union"<sup>17</sup>, and Boismenu and Jenson (1998) suggest that philosophies about social programs in Quebec and the rest of Canada have diverged so much that creation of a pan-Canadian child care strategy may no longer be possible.<sup>18</sup>

Is this so? Will Canada never have the pan-Canadian national child care program that has been envisaged for so many years? As Quebec has begun to develop its own program, will the rest of Canada ever have comparable child care services? Will our incapacity to provide for young children mean that child care is the "canary in the coal mine" that signals that Canadian federalism isn't working?

This paper examines the federal/provincial jurisdictional obstacles to a national child care strategy, especially those that arose in the 1990s. The key questions I try to

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- <sup>15</sup>. For example K. O'Hara and S. Cox, *Securing the Social Union*. CPRN Study No. 2. (Ottawa: Canadian Policy Research Networks, 1998); L.White, *Welfare State Development and Child Care Policies: A Comparative Analysis of France, Canada and the United States* (Unpublished doctoral dissertation, University of Toronto, Department of Political Science, 1998); Timpson, A. (in press) *Driven Apart: The Construction of Women as Worker-Citizens and Mother-Citizens in Canadian Employment Policy 1940-1988*. Vancouver: University of British Columbia Press; P. Girard, Why Canada Has No Family Policy: Lessons from France and Italy, in *Osgoode Hall Law Journal*, 32 (3), 581-611. 1995; and V.Tyyska, *The Women's Movement and the Welfare State: Child Care Policy in Canada and Finland, 1960-1990* (Unpublished doctoral dissertation, University of Toronto, Department of Sociology, 1993)
- <sup>16</sup>. See G. Boismenu and J. Jenson, A Social Union or a Federal State?: Competing Visions of Intergovernmental Relations in the New Liberal Era, in, *How Ottawa Spends 1998-99: Balancing Act. The Post Deficit Mandate*, ed L. Pal, (Toronto: Oxford University Press, 1998), 56-79; and G. Doherty, M. Friendly, and M. Oloman, *Women's Support, Women's Work: Child Care in an Era of Deficit Reduction, Devolution, Downsizing and Deregulation* (Ottawa: Status of Women Canada, 1998)
- <sup>17</sup>. See S. Bach, and S. Phillips, Constructing a new social union: Child care beyond infancy?, in *How Ottawa Spends, 1997-98: Seeing Red. A Liberal Report Card*, edited by G. Swimmer, 235-258. (Ottawa: Carleton University Press, 1997), p. 236
- <sup>18</sup>. See Boismenu and Jenson (1998)

answer are: What jurisdictional barriers have hindered formation of a national child care strategy in Canada? Can the barriers be overcome? What strategies are needed to overcome them? What issues need to be addressed to ensure that a national child care program - one "*as comprehensive and universally accessible as medicare and education*"<sup>19</sup> is established in Canada?

This paper begins with several assumptions. First, early childhood care and education is a matter of national importance. Second, it is in the public interest to ensure that these services become widely available for all children. Third, because provision of early childhood care and education is in the public interest, public policy is the appropriate delivery vehicle. Finally, it assumes that some of the answers to the questions I try to answer can be found in an examination of federalism in the past decade.

The paper first examines how a national child care program has been envisioned over the years, and clarifies the roles and responsibilities of the various levels of government that have been proposed. Then, it examines the three failed attempts to secure a national child care strategy in the context of the shifting federalism over the decade between 1984 and 1995. The third part of the paper is an analysis of child care within the concept of the social union that began to be debated as the federal role in social programs waned in the 1990s. Finally, the Social Union Framework Agreement of February 1999 and the possibilities it offers for a national child care program are appraised. I take the position that the Agreement's principles and stated objectives create not only a new imperative for a national child care strategy but provide new opportunities for implementation. I also argue that federal leadership is necessary for any national child care strategy's success, and propose that because it is an issue of national importance, an effective national child care strategy should be used as a benchmark against which to evaluate nation-shaping political arrangements like the Social Union Framework Agreement.

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<sup>19</sup>. See K. Cooke, J. London, R. Edwards, and R. Rose-Lizée, *Report of the Task Force on Child Care* (Ottawa: Status of Women Canada, 1986), p. 234

## MODELS OF CHILD CARE AND PATTERNS OF FEDERALISM: HISTORY, CONTEXT AND FRAMEWORK

### What does a national child care program mean: Who does what?

Even after 20 years of public debate about child care, there is still misunderstanding about the proposed roles and responsibilities of the various levels of government in a national child care program. The question sometimes posed to child care advocates: "*but you don't really think that the federal government should run child care centres, do you?*" epitomizes this.

Over the past two decades, many government task forces and many non-governmental groups have recommended a national child care program. None of these has suggested that child care services be designed, managed, maintained or delivered by the federal government.

The federal government's role has generally been seen as maintaining an overarching policy framework of national principles and providing financing, usually under a cost-sharing agreement. Provincial/territorial governments' role has been envisioned as optional participation in the program (as it is optional in Medicare), and designing, developing and maintaining a provincial program with a variety of service possibilities (part-day, full-day, flexible hours, centre-based, family day care, etc.) under provincial regulation. The overall provincial program and the range of services would be designed to meet individual provinces' requirements but would fit within the overarching national principles. Finally, service development and delivery has just about always been viewed as a local responsibility with extensive participation of voluntary, community groups, and local government.<sup>20</sup>

Perhaps the best way to conceptualize a national child care program as it has been proposed throughout the past decade is to adapt Kent's description of Medicare:

*We cannot have, constitutionally, a National Health Service. We have ten provincial medicare programs that are based on common principles, and are therefore consistent enough to provide the same kind of service to all Canadians.*<sup>21</sup>

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<sup>20</sup>. See Cooke et al (1986); Child Care Advocacy Association of Canada, 1994; and Friendly, 1994.

<sup>21</sup>. See Kent (1999), p. 6

## Common ground

A national day-care Act was first proposed by the Royal Commission on the Status of Women in 1970, and between 1984 and 1995, there were three significant attempts to develop a national child care strategy. Each of these - the 1986 Task Force on Child Care (the Katie Cooke Task Force), the 1987 Special Committee on Child Care, and the 1993-1995 Liberal/Axworthy proposals — was initiated and lead by the federal government.<sup>22</sup> Analysis of the three child care projects suggests that although between 1986 and 1995 there was a shift toward a more assertive provincial role, a central position for the federal government continued to be part of the concept of a national child care program throughout the decade.

Although there were critical differences among the details of the three proposed child care strategies, they shared some common ground in the way they viewed the roles of the different levels of government. Each proposed that: 1) the initiative would be "put on the table" by the federal government; 2) opting in by the provinces would be voluntary; 3) substantial federal funding would be provided through some sort of cost-sharing arrangement as an enticement to the provinces to participate; 4) provincial funding would also play a key role; 5) developing and maintaining overarching policy would be the responsibility of the federal government ; 6) provinces/territories would be responsible for program design and development, service delivery and management, and 7) within the conception of a comprehensive (varied) delivery system, provincial (and local) variation would shape the details of service delivery.

The advocacy and public interest groups that pressed governments to take action on child care throughout the 1980s and 1990s generally concurred with these proposed characteristics (although there was certainly no solidarity with some governments regarding specific details). Thus, governments and non-governmental organizations perceived the roles of the respective levels of government in a relatively common way.

Throughout the years of federal activity on child care, there was constant debate about the respective roles of federal and provincial governments on child care. Striking a

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<sup>22</sup>. Timpson includes the Commission on Equality in Employment (the Abella Commission) in her comparison of the significant proposals for a national child care strategy. It is not discussed here because it did not focus solely on child care. For a discussion of this comparison, see Timpson, 1997: 218-222, 235-237.

balance between federal government leadership and provincial autonomy was never simple but was always fraught with difficulty.

The fragility of this balance was explicitly captured in the 1995 announcement that the federal government was embarking on its promised child care strategy. Describing it as a *"partnership offer to the provinces and territories of \$630 million over three to five years to be followed with on-going funding for the maintenance of the spaces that are developed"*, the Minister of Human Resources Development commented that *"because this is very much in the jurisdiction of the provinces, we have to be sensitive and responsive to what their priorities are"*. He said: *"this is a national program. We want to make sure that it is available to children right across Canada. I don't want to prejudge what the provincial responses will be. This is clearly within their jurisdiction, and their right to respond."*<sup>23</sup>

Thus, throughout the decade of national child care policy debate that ended in 1995, there was an awareness that the respective roles of federal and provincial governments needed to be respected, but while there were always significant tensions about the relative strengths of the federal government and provinces, it was possible for the federal government to "take the first step" on child care.

### **Three-time failure of a national child care strategy**

In 1984, 1986, and 1995, three successive federal governments announced that a national strategy for child care would be developed, and each time, it failed to materialize. What dynamics ensured the three-time failure of child care, and what lessons can be learned from these past efforts?

#### *1984: The end of the Liberal legacy*

Shortly before the 1984 federal election, the Liberal federal government announced that the Task Force on Child Care would:

*examine...the need for child care services and paid parental leave...as well as the federal government's role in the development of a system of quality child care in Canada.*<sup>24</sup>

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<sup>23</sup>. See Axworthy, L. [Human Resources Development Canada. Press Conference Transcript]. (Ottawa: Stenotran, December 13, 1995)

<sup>24</sup>. See Cooke et al. (1986), p. 23

By the time the Liberal Task Force's report was released in 1986, a Conservative government had been in power for two years. The report, by four independent Task Force members recommended that child care become a publicly-funded program available to all children to be organized by the provinces and delivered locally. The federal role would be "leadership in developing stable, available, affordable child care" and "funding through the provinces..."; the provinces were to "retain jurisdiction and a funding role".<sup>25</sup> It was no surprise that the report of the Child Care Task Force was put on the shelf when it was released in 1986 two years into the new government's mandate.

### *1987: Child care the Tory way*

Even before the Liberal Task Force's final report was released, the Mulroney government set up its own federal committee to study child care. The reasons this new committee failed to succeed are more complicated than a simple change of federal regime. This committee held cross-Canada public hearings to "talk to the people". But when the committee's Conservatives issued their Majority report, *Sharing the Responsibility*, in 1987, the details of the recommendations aroused the ire of the social activists who had lobbied hard for universal, publicly-funded child care services, and opposed the tax deductions for parents, and for-profit services the Tories proposed. The recommendations were widely criticized as reducing federal leadership, failing to establish federal principles or standards, and expanding the role of the Minister of Finance in a social program.<sup>26</sup>

At the time that the National Child Care Strategy was debated between 1986 and 1988, the intricacies of federal/provincial tensions and how they affected child care, were not really understood (although the importance of the federal role was) by social activists. However, in retrospect it became apparent that the child care proposals both reflected and presaged the key policy directions of the Mulroney government, especially in its second term. Phillips' analysis of the 1987 child care strategy connects the contentious details of the proposed policy ( the absence of national standards, expansion of tax deductions, and encouragement of for-profit child care) to "the Conservative view of a collaborative, decentralized federalism". Phillips says that:

*It (the child care strategy) clearly emphasized the Conservative vision of a market system... It both anticipates and reflects the Meech Lake Constitutional Accord*

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<sup>25</sup>. *Ibid*, 284- 285.

<sup>26</sup>. See S. Phillips, Rock-a-bye Brian: The National Strategy on Child Care, in *How Ottawa Spends: The Buck Stops Where?*, ed. K. A. Graham, 165-208 (Don Mills, Ontario: Oxford University Press, 1989)

*because it deliberately and carefully avoided interfering with provincial jurisdiction to shape the nature of the child care system and represented a self-imposed restraint on the use of the federal spending power. Finally, the child care legislation shows the importance of expenditure restraint that will ever be central to the Conservatives in their second term.*<sup>27</sup>

Why did the Conservative's National Child Care Strategy fail? The Mulroney government's public opinion polling showed that there was a public perception that the Conservatives were weak on social policy, and analysts believed that they wanted to pass the Child Care Act before the election was called as a centrepiece of the campaign.<sup>28</sup> But the strategy provoked so much criticism that the unpopularity of the proposals may have made child care a no-win situation for the government.<sup>29</sup> The Child Care Act died as the 1988 federal election was called. It was become evident later on that one legacy of the failure of the Mulroney child care strategy was that it fuelled the growing mistrust of federal initiatives by the provinces as well as contributing to a negative view of child care's "bad history" amongst senior federal bureaucrats. *Sharing the Responsibility* went onto the shelf beside the *Report of the Task Force on Child Care*.

#### *1993: The Red Book*

The Liberal's platform for the 1993 election was a departure from tradition. It spelled out, and even costed its promises, and popularized them. The *Red Book* promised to expand regulated child care dramatically, adding an additional \$720million over three years to funds already spent through the Canada Assistance Plan. This would be cost-shared with equal amount by the provinces, with parents contributing an additional 20%. The promise was contingent upon 3% annual growth in economic growth, and provincial willingness to participate.

Following the Liberal victory, the Human Resources Development department began to work to meet the child care commitment. A major review of social programs, the Social Security Review(SSR) was also announced. A SSR discussion paper was released in 1994, and identified child care as central to three areas: employment,

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<sup>27</sup>. *Ibid*, p.168

<sup>28</sup>. See G. Fraser, *Playing for Keeps: The Making of a Prime Minister, 1988* (Toronto: McClelland & Stewart, 1989)

<sup>29</sup>. See Special Committee on Child Care, *Sharing the Responsibility* (Ottawa: Author, 1987)

learning and security.<sup>30</sup> The government's supplementary paper on child care suggested a vision of child care and development across Canada to address the common themes of quality, availability, affordability, and comprehensiveness, and recommended

*incorporation of a framework of principles to guide and consolidate investments in child care and development*<sup>31</sup>, concluding by restating the federal government's "commitment to improving Canada's child care system, and to developing, with governments, parents, and the public, a national framework for child care and development."<sup>32</sup>

It should be noted that during the travelling public hearings, it didn't appear that provincial governments were opposed to a review of national social programs by the federal government without their participation. The need for a national approach to child care arose again and again from the public at the hearings.<sup>33</sup> The final report of the SSR reported widespread support for a child care program with a "more dedicated funding approach" and "a need to revamp the way the federal government finances child care". It posed the question: "How do we move towards this new social vision for Canada?"<sup>34</sup>

### **The 1995 federal budget: The turning point**

The question asked in the SSR report was soon answered: the report joined the growing pile of unused reports on the government's shelf. The federal government had decided to take a radically different approach to reforming social programs. Two major issues absorbed the federal government in 1995: fiscal anxieties related to the deficit and debt, and tension about the possible separation of Quebec. The failure of the Meech Lake and Charlottetown Accords (both of which advanced a larger role for the provinces in social programs) and diminishing federal dollars for health and social programs contributed to growing decentralist aspirations among all the provinces, not just Quebec. Some of the

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<sup>30</sup>. See Human Resources Development Canada, *Improving Social Security in Canada: a Discussion Paper* (Ottawa: Author, 1994b), p. 2

<sup>31</sup>. See Human Resources Development Canada, *Child Care and Development: A Supplementary Paper* (Ottawa: Author, 1994a), p. 2

<sup>32</sup>. *Ibid*, p. 25

<sup>33</sup>. See Childcare Resource and Research Unit, [Summaries of the House of Commons Minutes of Proceedings and Evidence of the Standing Committee on Human Resources Development] (Unpublished, 1995)

<sup>34</sup>. See House of Commons. (1995). Canada: Security Opportunities and Fairness. *Canadians Renewing their Social programs. Report of the Standing Committee on Human Resources Development*. Ottawa: Public Works and Government Services Canada.

provincial governments, as deliverers of health, education and social programs, found that their own neo-conservative cost-cutting predilections were a good fit with the national milieu of devolution and downsizing; others struggled to balance dwindling revenue with the expectations of their citizens, and, in some cases, their own ideologies.<sup>35</sup> Across the political spectrum, however, there was a pervasive atmosphere of mistrust by the provinces of the federal government, which was reinforced as apprehension about deficit and debt took hold in 1995.

Although Canada's fiscal situation had been deteriorating for some time, concern about finances grew as Ottawa's ratio of revenue to spending fell and the size of interest payments on the debt rose in 1994/95.<sup>36</sup> Ottawa's reaction was to reduce its spending by downsizing the public service, and downloading the costs of government programs to the next level, the provinces, as well as to individual Canadians through privatization. The 1995 federal budget made massive cuts in transfer payments to provinces and terminated the nation's last conditional cost-shared program, the Canada Assistance Plan (CAP). A new block-fund, the Canada Health and Social Transfer (CHST) was created to encompass federal funds for health, social welfare and post-secondary education. This new unconditional funding scheme marked withdrawal of the federal government's role in shaping social programs through its spending power — a role that had been instrumental in shaping social programs over a thirty year period.

The end of the Canada Assistance Plan and the creation of the CHST was greeted with consternation by social policy experts and social activists. Child care advocates were particularly apprehensive because the sole federal funds for regulated child care had been contained in CAP. The planning and negotiation for a new child care strategy by the federal government between 1993-1995 had been based upon the presumption that the expanded child care services promised in the Red Book would be built on a core of existing federal CAP funds reimbursed to the provinces, then about \$300 million annually. It was feared that the spending cuts, together with melding health, education, and social transfers into a block-fund, would mean that the lion's share of the provinces' shrinking funds would likely go to the health care services so highly valued by the public<sup>37</sup> so that the CHST would become the Canada Health Transfer.

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<sup>35</sup>. See Doherty, et al. (1998)

<sup>36</sup>. See S. Dupre, Taming the monster: Debt, budgets and federal-provincial fiscal relations at the fin de siècle, in *Provinces and Canadian provincial politics*, ed. C. Dunn, (Peterborough, ON: Broadview Press, 1996)

<sup>37</sup>. See M. Friendly, and M. Oloman, Child Care at the Centre: Child Care on the Social, Economic and Political Agenda in the 1990s, in *Remaking Canadian Social Policy: Social Security in the Late 1990s*, eds. J. Pulkingham and Gordon Ternowetsky, 273-285 (Halifax: Fernwood Press, 1996)

## 1995 and after: On the federal/provincial highway without a roadmap

It was unfortunate that what had seemed, in 1993, to be a genuine commitment to develop a workable plan for a child care strategy came precisely at the time that what had been an evolution in federal/provincial roles became, in essence, a revolution.

Although the introduction of the CHST seemed to be a natural extension of the federal government's reductions and retreats since the 1970s<sup>38</sup>, it was a much more radical departure from the status quo than had yet occurred, even under the Mulroney Conservatives. Tom Kent has characterized federal policy as being characterized more by "*retreats than advances*"<sup>39</sup>. The Caledon Institute characterized the 1995 federal budget as introducing:

*the most profound change to social policy since Canada constructed its social security system in the 1950s, 1960s and 1970s....and (they pointed out) Mr. Martin's social security reform went well beyond any options that had been publicly discussed or even considered as part of Mr. Axworthy's Social Security Review. (The Canada Health and Social Transfer) gives license to the federal government to get out of the health and welfare business.*<sup>40</sup>

For child care, this quite clearly meant the end of the vision of a national child care program like Medicare with national principles, portability among provinces, and federal funding. In the 1995 budget, the child care funds committed in the Red Book, and allocated in the 1994 budget (but not spent) disappeared while the conception of child care within Human Services Development Canada mutated from "*lying at the heart...of employment, learning and security*"<sup>41</sup> to become one of the Department's new "employability tools", surrendering the concept of child care as a service related to healthy child development. This shift was significant because it had clear implications for how strategies for child care would be developed.

Then in October came the referendum on Quebec sovereignty. When a very bare majority of Quebecois voted for the status quo within Canada, it shook all of Canada, and its federal representatives profoundly. Child care as a potential new national

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<sup>38</sup>. See Doherty, et al. (1998)

<sup>39</sup>. See Kent (1999), p. 4

<sup>40</sup>. See S. Torjman, and K. Battle, *Can We Have National Standards?* (Ottawa: Caledon Institute of Social Policy, 1995), p. 2, 10

<sup>41</sup>. See Human Resources Development Canada (1994a), p. 1

program found itself in the middle of the newly all-consuming national unity agenda, and was certainly not on the government's front burner. It was remarkable then, considering the whirlwind of transformations in governance that were underway, that child care remained even on a very faintly flickering backburner, due, perhaps, to the interest of the federal Minister, Lloyd Axworthy.<sup>42</sup>

In the late fall of 1995, officials from Human Resources Development and the Minister carried out another round of preliminary discussions about the child care program with their provincial counterparts. These exchanges suggested that, despite federal cuts and a national climate of uncertainty that approached hysteria, several provinces, at least, indicated that they would participate in a child care program. Based on this expectation, the federal Minister held a press conference on December 13, 1995 in Ottawa to announce that an offer conforming to the Red Book commitment had been made to the provinces and territories as the first step to implementing a cost-shared national child care program.<sup>43</sup> The provinces/territories were invited to respond within six weeks.

### The rules of the game

In the beginning of 1996, Mr. Axworthy was replaced as Human Resources Minister by Doug Young, and within a month, a federal "exit strategy" from the child care announcement surfaced in the press. The exit strategy consisted of a claim that the initiative was at an end because sufficient interest had not been generated among the provinces.<sup>44</sup> To be sure, the Red Book had identified "*obtaining the agreement of the provinces*" as a condition for proceeding with the child care commitment.<sup>45</sup> But it had not said how many provinces had to commit for the strategy to be a "go"; the presumption was that although opting-in was a provincial choice, that the program would go ahead even if only a few provinces participated at the very beginning. This had been the model for building provincial participation in Medicare and the Canada Assistance Plan. It seemed that the rules had changed in mid-game.

Media coverage of the exit strategy reported that three provinces had expressed clear interest in moving forward, and that formal federal/provincial bargaining had not

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<sup>42</sup>. See Timpson (1997); and Doherty, et al. (1998)

<sup>43</sup>. See Axworthy (1995)

<sup>44</sup>. See *Globe & Mail, The*, A1, February 16, 1996.

<sup>45</sup>. See Liberal Party of Canada, *Creating Opportunity: The Liberal Plan for Canada* (Ottawa: Author, 1993), p. 40)

yet taken place. However, the government insisted that the national child care program had been abandoned due to lack of provincial interest.<sup>46</sup>

A statement in the February 1996 Throne Speech, reminiscent of the Charlottetown Accord, formalized *ex post facto* how many provinces "sufficient" meant - a majority:

*the Government will not use its spending power in areas of exclusive provincial jurisdiction without the consent of a majority of the provinces.*<sup>47</sup>

After the exit strategy and the Throne Speech, the conventional wisdom in Ottawa was that a national child care program was dead. Neither child care nor social policy emerged as issues in the 1997 federal election campaign. Child care didn't even seem to be a strong contender in the new, emerging federal-provincial discussions of a children's agenda as child poverty, child health, and then "readiness to learn" were identified as the children's issues of the day.

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<sup>46</sup>. See Bach and Phillips (1997); and Liberal Party of Canada, *A Record of Achievement: a Report on the Liberal Government's 36 Months in Office* (Ottawa: Author, 1996)

<sup>47</sup>. See Canada House of Commons, *Debates*, 134 (Ottawa: Author, February 27, 1996), p. 4

## CHILD CARE AND THE SOCIAL UNION

### The federal/provincial climate after 1995

This analysis examines the steady decline in the federal role in social programs as illustrated by child care policy over the past decade. With the 1995 budget cuts and the CHST as a signal, the social policy environment underwent a radical change as in an environment of apprehension and concern about federal fiscal downloading, the provinces took the initiative.

In August 1995, the annual Premiers' meeting established the provincial Ministerial Council on Social Policy Reform and Renewal. In December, the Ministerial Council's Report to Premiers was finalized with the concurrence of all the provinces and territories except Quebec. The report laid out the provinces' approach to national policy; its recommendations spelled out how the provinces and territories should cooperate to "create a national agenda for social policy reform and renewal which is supported by all First Ministers"<sup>48</sup> as well as the respective roles of their governments and the Government of Canada. One of the elements of this proposal that was extremely significant for child care was that it said that all responsibility for social services, including child care, would belong to the provinces. This report was to shape the social policy agenda for the next several years.

Although tension between provincial and federal governments is not a new feature of Canadian politics<sup>49</sup>, in the 1990s it grew, encompassing health care, the environment, labour force training, and other areas. What was different this time was that the federal government was not struggling very hard to retain its fiscal influence. In Parliament, the Prime Minister described his government's actions as:

*the first time a federal government has undertaken formally to restrict the use of its spending power outside a constitutional negotiation.*<sup>50</sup>

There was another way the orientation away from a vigorous federal government affected child care. While it may not be possible to attribute the realignment of roles and

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<sup>48</sup>. See Ministerial Council on Social Policy Reform (1995), p. 1

<sup>49</sup>. See D. Guest, *The Emergence of Social Security in Canada* (Vancouver: University of British Columbia Press, 1985)

<sup>50</sup>. See Bach and Phillips (1997), p. 245

responsibilities to any one factor - concern about the deficit and debt, anxiety about the possibility of Quebec separation, or the ideological bent of various governments - a key effect of the realignment was a shift in emphasis from the welfare state to the private sector, from the collective to the individual, and from public services to the market.<sup>51</sup> While this was not entirely new, in the mid 1990s the growing vacuum at the centre of governance fostered the shift from public to private as neo-conservative and neo-liberal ideology was embraced by governments across Canada.

In child care, the less collective, more market-oriented ideology is realized through tax deductions, credits, or vouchers to parents (so they can purchase child care), increased reliance on parent fees, and deregulation. A study carried out for Status of Women Canada in 1997 suggests that, even at this early stage of devolution, downsizing, and decentralization, child care services across Canada were already feeling the effects of the changes. The research found diminishing affordability and availability of regulated child care, that a majority of provinces had reduced, frozen or stopped program funding to services (which was often tied to staff wages), that parent fees had risen in relation to family incomes while subsidies for low income families failed to keep pace with costs, that inability to cover their operating costs meant that child care programs had closed or were not staffing spaces. Consistent with a general shift from public services to more privatized approaches to social welfare, the study also identified a re-emergence of the pre1980s concept that child care was a program for the needy (rather than a public service for all children).<sup>52</sup>

Six months after the Ministerial Report became public, a group of national organizations met to respond to the provinces' proposals (to which the federal government had not yet responded), producing a statement to First Ministers and social Ministers expressing their collective concerns. These were focused on four themes: the federal role; income security proposals, social services and health, and the decision-making process. A chief concern about social services, especially child care, or early childhood development, was that the 1995 provincial premiers' report had identified "*complete control of human services...as the quid pro quo...for a larger federal role in income security*".<sup>53</sup>

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<sup>51</sup>. See Boismenu and Jenson (1998)

<sup>52</sup>. See Doherty, et al. (1998)

<sup>53</sup>. See M. Mendelson, *The Provinces' Position: a Second Chance for the Social Security Review* (Ottawa: Caledon Institute of Social Policy, 1996), p. 3

The statement said that as:

*human services — especially investment in early childhood development — is fundamentally important, the federal government was urged to play a leadership role in setting directions for and supporting health and social services*<sup>54</sup>

The group also outlined its concerns about the behind-closed-doors process of decision-making.

### Experimenting with the social union

The term social union began to emerge in the tussle over “who does what” in Canada’s social programs as early as 1996 although there is a wide range of opinion about the meaning of “social union”. Boismenu and Jenson point out that

*at its origin, the notion of social union is the complement of the idea that Canada is an economic union that was finally “completed” with the Agreement on Internal Trade in 1994.*<sup>55</sup>

These analysts point out that while Biggs’ version of the social union defines it rather benignly as “the web of rights and obligations between Canadian citizens and governments that effect and meaning to our shared sense of social purpose”<sup>56</sup>, it is Courchene’s harsher view that the social union is social and economic, and an inevitable response to global economic forces, with the emphasis on the rights of the private sector in a free market, that has been most influential.<sup>57</sup>

In this climate — in which there was tremendous anxiety about the possibility of separation in the wake of the Quebec referendum, a strong pull from the other provinces to decentralization, and very strong pressure from fiscal and ideological conservatives towards downloading to lower levels of government and to individuals — it was inevitable that it would be less than desirable to pursue a national child care program, a

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<sup>54</sup>. Ibid.

<sup>55</sup>. See Boismenu and Jenson (1998), p. 58

<sup>56</sup>. See M. Biggs, *Building Blocks for Canada’s New Social Union*, Working Paper F02 (Ottawa: Canadian Policy Research Networks, 1996), p. 1

<sup>57</sup>. See T. Courchene, *Social Canada in the Millennium* (Toronto: C.D. Howe Institute, 1994)

concept that had always been identified with national principles and public spending on services.

The 1996 federal Throne Speech had not only formalized the new rules about introduction of new national programs but also set the direction for a new and different policy initiative on children. Following a recommendation from the Ministerial Council on Social Policy Reform about consolidating income support for children into a single program, the Throne Speech suggested that the federal government might be willing to discuss how to improve Canada's child support system as a joint initiative with the provinces. The joint initiative eventually emerged in 1998 as the National Child Benefit (NCB).

Characterizing it as "*experimenting with the social union*", Boismenu and Jenson describe the Child Benefit:

*the deal agreed to by all governments, except Quebec, is that Ottawa will individualize its relationship with poor families and their children, via tax credits. This is not new, of course. However, the difference between this initiative and previous social policy decisions is that the reform was co-ordinated in advance with provincial governments. Thus, their engagement to "reinvest" the money they will save on social assistance is linked to Ottawa's tax spending.<sup>58</sup>*

(N.B. The arrangement allowed the provinces to claw-back an amount equivalent to the new portion of the child benefit from the welfare checks of social assistance recipients, thus leaving the provinces some funds to "reinvest").

The National Child Benefit is very much in the model of the 1997-era social union. The provinces proposed the program. The program development process was joint, around a provincial/federal "table". As an income transfer program, the Child Benefit is more clearly in the federal arena than are services, as per the Ministerial Council report. There are no conditions about how the reinvestment fund — the province's quid pro quo — can be used. Although child care has been chosen for reinvestment by seven provinces<sup>59</sup>, there are no national principles that can contribute to a national, pan-Canadian early childhood care and education program.

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<sup>58</sup>. See Boismenu and Jenson (1998), p. 63

<sup>59</sup>. The seven provinces are: Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Québec, Manitoba, British Columbia. For more details see Pearson, L. (1998) The National Child Benefit: Addressing Child Poverty in Children. *The Hill*, No. 13-14.

Have hopes for child care been dashed by programs such as the NCB, as Bach and Phillips suggest?<sup>60</sup> It is certainly true that, as child care was moved off the federal government's agenda, the National Child Benefit has been proffered as an alternative. And as the National Children's Agenda replaced the Child Benefit as the next social union experiment, key policy makers continued to reinforce the notion that child benefits for the poor (income) are interchangeable with an early childhood care and education program for all children (services). As a federal cabinet minister said to the *Globe and Mail*:

*we cannot implement a national child care program. (The Liberal government had tried to initiate a childcare program with the provinces but could not get their cooperation). This is not something we have the ability to initiate. In lieu of that, we came up with the national child benefit.*<sup>61</sup>

At the same time, social activists and children's policy experts continued to urge policymakers to consider social policy for children holistically, suggesting that, to be effective, policy for children must include a number of elements. Most analysts include both income security programs like the child benefit, and early childhood care and education services, followed by other programs like maternity and parental leave, and housing, and good jobs for their parents.<sup>62</sup>

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<sup>60</sup>. See Bach and Phillips (1997)

<sup>61</sup>. See S. McCarthy, Ottawa Urged to Keep Promise on Daycare, in *The Globe and Mail*, A7 April 13, 1999.

<sup>62</sup>. See Campaign 2000. *Mission for the Millennium: a Comprehensive Strategy for Children and Youth*. Toronto: Author, 1997; Human Resources Development Canada, Subcommittee on Children at Risk. Blues. Transcript of the meeting of the Human Resources Development Canada Committee, Subcommittee on Children at Risk. Unpublished, 1999. Human Resources Development Canada, 1999; Child Care Advocacy Association of Canada, 1999; Freiler and Cerny; 1998).

## THE SOCIAL UNION FRAMEWORK AGREEMENT: A "RACE TO THE TOP?"

The federal government and nine provincial governments signed *The Framework to Improve the Social Union for Canadians* on February 4, 1999.<sup>63</sup> This agreement may have some potential to play a role in promoting closure in an era of anxiety and frustration, uncertainty about directions and roles, and a behind-closed-doors approach to policy making that has excluded almost all Canadians. Although the Agreement is general and vague, it may - at the least - provide guidance for what comes next, and - at best - facilitate creation of a national child care program.

The Agreement drew a variety of immediate responses, from "a step backwards"<sup>64</sup>, to "fudge wrapped up in incomprehensible language"<sup>65</sup>, to a step forward<sup>66</sup>. Mostly, the public was indifferent and, even worse, knew little about the social union.<sup>67</sup> It is noteworthy that child care has often been used to illustrate what the Social Union Framework Agreement could do "(If it had been in place a couple of years ago, we might even have a national child care program today"<sup>68</sup>) or won't do ("Before Thursday, it was hard enough to interest Ottawa in urgent social needs — home care, pharmacare, or child care. Now it will be even harder").<sup>69</sup>

Agreement to the Social Union Framework may mean that we are "again on the constitutional merry-go-round"<sup>70</sup> or it may be "a promising vehicle, a potentially useful process, an empty vessel into which the meaning, policies, and programs can be poured..."<sup>71</sup>. And it may offer new potential — the first since 1996 — for promoting a national child care program.

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<sup>63</sup>. See Government of Canada, *A Framework to Improve the Social Union for Canadians: an Agreement Between the Government of Canada and the Governments of the Provinces and Territories* (Unpublished, 1999).

<sup>64</sup>. See T. Walkom, Social Union Deal a Step Backwards for Canadians, in *The Toronto Star*, A2, February 9, 1999.

<sup>65</sup>. See R. Gwyn, Trying to Swallow the Fudge of the Social Union, in *The Toronto Star*, A19, February 7, 1999.

<sup>66</sup>. See B. Cameron, and J. Rebeck, The Social Union Framework Is a Step Forward, in *The Globe and Mail*, A11, February 8, 1999.

<sup>67</sup>. See Polara Research, 1999.

<sup>68</sup>. See B. Cameron and J. Rebeck (1999).

<sup>69</sup>. See T. Walkom (1999).

<sup>70</sup>. See D. Orchard, Canada's Social Union, According to David Orchard, in *The Toronto Star*, February 1999.

<sup>71</sup>. See J. Godfrey, and R. McLean, *The Canada We Want: Competing Visions for the New Millennium* (Toronto: General Distribution Services Ltd., 1999), p. 134.

For child care, the Framework Agreement can do several things. First, it can provide a vehicle to establish new pressure for child care through its principle and review clauses. Second, it codifies the rules for how funds for social programs are available under the federal spending power, providing some clarity along with impediments. It outlines commitments to accountability, transparency and collaboration. Finally, it retains the possibility of federal participation in services like child care which had been in question following the report of the Ministerial Council. The following sections assess the potential windows of opportunity for child care in the Framework Agreement.

### Principles (Clause 1)

The beginning of this paper described why early childhood care and education is an issue of national importance. Assuming that it is, the principles agreed to by the First Ministers help frame the case that action on child care is imperative. The two main rationales for child care are, first, enhancing healthy child development and, second, supporting parents' workforce participation. Based on these two rationales, high quality early childhood care and education services are integral to fulfilment to a number of the Agreement's principles — *"equality, individual dignity and responsibility, mutual aid, our responsibilities for each other, promot(ing) equality of opportunity for Canadians, respect(ing) the equality, rights and dignity of all Canadian women and men and their diverse needs, provid(ing) appropriate assistance to those in need, promot(ing) participation of all Canadian's in Canada's social and economic life"*.

In addition to these general equality and fairness principles, the specific commitment to *"ensur(ing) access for all Canadians, wherever they live or move in Canada, to essential social programs and services of reasonably comparable quality"* is a very strong principle for child care. The inadequate patchwork of services described in the opening section of this paper would have been a strong enough motivation to insist that this principle means that the child care situation must be improved. That Quebec has undertaken a program with a goal of universal early childhood education and care strengthens this case considerably as Canadians outside Quebec lack Quebecers' access to an essential social program of comparable services.

## Federal Spending Power (Clause 5)

The federal spending power shapes the funding mechanisms for social programs and thus, is at the heart of the debate about the social union. In the 1990s, the federal spending power was hotly defended as federal transfers diminished and concern about its decline was key to the opposition of social activists to the Meech Lake and Charlottetown Accords.

The federal Minister of Intergovernmental Affairs described the federal spending power as:

*a vital element in social development in all developed federations. In Canada, it has been instrumental in building with the provincial and territorial governments the Canada-wide social programs which all Canadians value, such as Medicare. It has been essential in promoting equality of opportunity for all Canadians, helping to ensure access to basic social programs of reasonably comparable quality to Canadians wherever they live or move in Canada...the Government of Canada believes that this new formula for intergovernmental co-operation, called "the race to the top" model will enhance the quality of social and health programs throughout Canada.<sup>72</sup>*

The federal spending power includes two routes, social transfers and direct federal spending. The first, social transfers (cost-sharing and block-funding) have historically allowed the federal government to fund social programs in areas of provincial jurisdiction like health and post-secondary education; the second is through direct federal transfers to individuals and organizations. The spending power, and the activity of the federal government in areas under provincial jurisdiction is precisely what the provinces, especially Quebec, have challenged, before and throughout the 1990s.

The concept of the federal spending power is well supported by constitutional opinion; it is primarily the specific details and degree of federal intrusion, that are challenged. In 1984, the Task Force on Child Care after analysis of social transfers and consultation with constitutional experts, concluded that:

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<sup>72</sup>. See S. Dion, *Collaborative Use of the Spending Power for Intergovernmental Transfers: The Race to the Top Model*, February 5, 1999, p. 1 (Online document: <http://www.pco-bcp.gc.ca/aia/ro/doc/efeb0599.htm>)

*the federal spending power...inferred from the federal power to levy taxes...provides ample scope to both participate in and influence the design of a new system of child care.*<sup>73</sup>

The Child Care Task Force, however, was careful to recommend that *"the federal government act with restraint when considering the imposition of conditions on federal funding"*<sup>74</sup>, suggesting that national principles (like universality, portability, or high quality) were more appropriate than national standards (like staff/child ratios).

The Framework Agreement codifies the rules for the use of the federal spending power, and it is apparent that both social transfers and direct federal transfers offer some possibilities for child care as well as each presenting difficulties.

#### *Social transfers*

Social transfers to provincial governments have traditionally been used to support programs of services. As described earlier, the impediment to a cost-shared child care program in 1995 was the requirement that a majority of provinces agree prior to a new national initiative. The Framework Agreement restates that agreement of a majority of provinces is necessary to initiate a new national program. This is precisely the statement that aroused so much ire at the time of the Charlottetown Accord, and alarm at the time of the 1996 Throne Speech; a commitment to *"not introduce such new initiatives without the agreement of a majority of provincial governments"*<sup>75</sup>.

This aspect of the Agreement lead commentators like Walkom and Orchard to call it a *"step backward"*, *"Meech Lake 3,"* and the *"implementation of the Charlottetown Accord by stealth"*<sup>76</sup>. (It should be noted that the Charlottetown Accord, but not the Throne Speech, had an additional stipulation that the majority of the provinces must contain a majority of the population, thus making it virtually impossible that there could be an agreement without either Ontario or Quebec. Thus, for those who support a strong federal government, the Framework Agreement seems to be a step forward when compared to Charlottetown because this requirement is missing).

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<sup>73</sup>. See Cooke, et al. (1986), p. 285

<sup>74</sup>. Ibid, p. 287

<sup>75</sup>. See Government of Canada (1999), p. 6

<sup>76</sup>. See Walkom (1999); and Orchard (1999).

It does mean that the federal spending power is, in effect, more a national than a federal spending power as the federal government has formally agreed to cede its authority to use social transfers for new initiatives without provincial permission. It should be noted that although consultation, and even, in some instances, permission, prior to the launch of a new program is not a new phenomenon (even regarding direct transfers to individuals)<sup>77</sup>, some of Canada's most significant programs were initiated with only a minority of provinces participating at the outset. Thus, if there had been a requirement that a majority of provinces agree, Medicare would probably not have been launched as a national program.

As this paper described previously, virtually all past proposals for a national child care program have recommended cost-sharing. However, the federal government has been phasing out cost-sharing since the 1970s; the Canada Assistance Plan, abolished in 1995, was the last cost-shared program. An important question for child care policy is: will there be new cost-shared programs in Canada? Kent says that "*It (cost-sharing) is not the way that new programs of a continuing nature will be introduced*".<sup>78</sup> He goes on to say:

*... because that was how major programs were established, many people still think of it as the natural, almost automatic way to start new programs. It is not: too many politicians, for various but decisive reasons, now dislike it...(He goes on to say)...similar problems would apply now to the cost-sharing that has often been suggested for child care. In any event, it is not a form of co-operation that either federal or provincial politicians will willingly embrace. A new technique has to be found.*<sup>79</sup>

The Social Union Framework Agreement formalizes what has been the status quo since 1995: majority provincial agreement prior to initiating a national program that involves social transfers. It is possible that a majority of provinces would be motivated by their commitment to the principles of the Framework Agreement as well by a new spirit of collaboration, would be willing to proceed on introduction of a national child care program, and could agree on principles strong enough to ensure the kind of high quality early childhood care and education that it is now widely understood is essential.

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<sup>77</sup>. Personal communication with B. Cameron (1999).

<sup>78</sup>. See Kent (1999), p. 11

<sup>79</sup>. Ibid, p. 21

The experience of the last few years has not been encouraging but perhaps Canada has entered a new era or a new solution will be found.

The use of some form of social transfer would be the traditional route for a child care program. Is it likely or possible that the governments could work collaboratively to "identify Canada-wide priorities and objectives" for child care services? Could a majority agree? What could encourage them to agree? Would more provinces agree if federal financing were more advantageous?

Prior provincial majority agreement, is, of course, the innovation in mechanism that formally changes the way Canadian social transfers work. Whether it is capable of producing a "race to the top"<sup>80</sup> in child care remains to be seen.

#### *Direct federal transfers*

The second way that the federal government can exercise its spending power is through direct federal transfers to individuals and organizations. The Framework Agreement describes it as "direct transfers to individuals or organizations for health care, post-secondary education, social assistance, and social services" (retaining the possibility of federally-funded services). Tom Kent has proposed a new technique for child care funding through this route. He suggests that rather than seeking provincial agreement to cost-sharing, the federal government fully fund a national early childhood care and education program through the device of a \$7,000 per child annual direct transfer to parents. This idea, which is the first innovative proposal on child care funding in some years, nevertheless has several problems.

There has always been strong opposition from non-governmental organizations to the idea of channelling demand public funds for child care to parents through vouchers, tax credits, tax deductions, or other subsidies for two reasons. First, an individual payment is connected to the idea that child care is a market-driven, not a public or collective, service. Second, on the practical side, it has never been shown to produce accessible, high quality early childhood care and education services. Funding to individuals, in essence, has not been shown to be a "best practice".<sup>81</sup> Indeed, Mr. Kent's

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<sup>80</sup>. See Dion (1999), p. 2

<sup>81</sup>. See (Friendly, 1994; Cameron, 1992).

proposal includes a caveat that direct payments to individuals *"is certainly not the ideal way to provide the public service of early childhood care and education"*<sup>82</sup>

Another problem with this approach would be the potential political backlash from the provinces. Although the federal government technically has the capacity to make income transfers to individuals in an area of provincial jurisdiction, circumventing the provinces is likely to be considered to be a serious intrusion even with the consultation required by the Framework Agreement.

A variation on the individual transfer to parents theme could be a fully federally funded direct transfer to organizations. Historically, direct transfers to organizations have been used primarily for infrastructure-type programs but there are precedents for direct federal transfers to organizations for child care: child care capital costs were occasionally funded this way as recently as the 1980s. There is a strong argument to be made for a proposal that organizations like municipal governments, school boards, and non-profit organizations — organizations that have contributed much of the innovation in child care services — should receive federal funds through this route, at least to kick-start the stalled child care situation and to motivate innovation.

Although this route may technically be possible, it could be seen to be even more intrusive than individual transfers. And it would have the additional drawback of not permitting Quebec to benefit financially from its lead in creating a child care program (N.B. the direct transfer route lacks the opting out clause that the social transfer route allows).

In summary, under Canada's Social Union Framework Agreement that codifies federal/provincial arrangements for social programs, there are several ways that the federal government could finance a national child care program. While all of these are technically possible, all have significant problems that are primarily political. Does this mean that it is not possible or likely that Canada has a way to organize and finance a national child care program? What is necessary to ensure that the mechanisms codified in the Social Union Framework Agreement are not impediments to the national child care program implied in the principles? This will be addressed in the last section.

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<sup>82</sup>. See Kent (1999), p. 22

## Public participation: Public accountability and transparency

The Social Union Framework Agreement's emphasis on public accountability and transparency adds to its utility for child care. Kent describes how poor governance, improvisation, and about-faces on commitments have meant that "*people of good-will have increasingly turned in contempt from party politics*".<sup>83</sup> Perhaps awareness of this climate of cynicism and mistrust of governments motivated the inclusion of fairly extensive possibilities for ensuring public accountability and transparency.

One of the most interesting commitments is to "*ensure effective mechanisms for Canadians to participate in developing social priorities and reviewing outcomes*". If governments are pressed to meet this commitment, it could have implications for child care as public support for universal early childhood care and education has broadened and deepened. A good example of how this Agreement could change government processes is with regard to the National Children's Agenda, a three-year provincial-federal social union experiment that has, to date, been carried on almost entirely behind closed doors.

The participatory approach extends to the last Clause of the Agreement promising a full review in three years: the commitment is to "*significant opportunities for input and feedback from Canadians and all interested parties, including social policy experts, private sector and voluntary organizations*".

## Quebec

The relationship between Quebec and the rest of Canada is central to the debate about federalism, and thus, to a child care program. One of the aspects of the current child care situation that makes post-Social Union Framework federalism promising is that Quebec has begun to introduce its own national child care program. The Quebec government has promised that a full-blown universal early childhood care and education system will be in place by 2001. As Godfrey and McLean suggest:

*It is Quebec's very strength in the field of early childhood care and education that should encourage the rest of Canada to create a National Project. As Saskatchewan was the model for public health insurance in the 1960s, so too should Quebec be the model for early childhood development.*<sup>84</sup>

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<sup>83</sup>. Ibid, p. 5

<sup>84</sup>. See J. Godfrey and R. McLean (1999), p. 135

That Quebec has already begun to develop its early childhood program means that the Social Union Framework Agreement provides an opportunity to use it as a model. Furthermore, the commitment to “ensure access for all Canadians, wherever they live or move in Canada, to essential social programs and services of reasonably comparable quality” as a principle of the Social Union Framework Agreement calls for action on child care outside Quebec in order to meet it.

The Agreement also provides a way to allow Quebec to benefit without technically participating through the opting out provision for social transfer programs:

*A provincial-territorial government which, because of its existing programming, does not require the total transfer to fulfil the agreed objectives would be able to reinvest any funds not required for those objectives in the same or a related priority area.*

This could allow Quebec access to federal dollars to expand its early childhood programs, to use for the enhanced maternity leave benefits they have promised, or for another related purpose.

### **Review of the Framework Agreement**

The final Clause (7) commits to a review of the agreement and its implementation in three years. As the Agreement’s principles almost invite that child care be a test case for its success, it is obvious that a key advocacy strategy should be to insist that a successful national strategy for early childhood care and education for every child in Canada should be a benchmark against which to judge its effectiveness.

### **There’s room in the Social Union for federal leadership**

When the scope for federal leadership today is compared to that of the 1960s and 1970s, the possibilities appear to be limited. However, when the post-Framework Agreement possibilities for a federal presence are compared to the social program limbo of the latter part of the 1990s when the Charlottetown Accord’s echoes formed the conventional wisdom, one can be grateful and maybe even modestly optimistic. A reasonable conclusion of this analysis of how the Social Union Framework Agreement could work on behalf of a national strategy for child care is that, while the routes aren’t clear, there does seem to be some room for the federal government to take appropriate leadership. Whether it will or not is related to factors like finances, political will,

ideology, federal/provincial dynamics and public pressure. Thus, whether the Government of Canada plays a role in shaping a national child care strategy is related not as much to whether it **should** (for the reasons presented in the introduction to this paper) or whether it **could** (as this analysis of the Social Union Framework Agreement suggests it can) but more to whether it **will** (or won't).

## WHAT HAPPENS NEXT? PROPOSALS FOR ACTION

This paper has laid out some of the history and difficulties of securing a national child care program for Canada, examining them within the context of evolving federalism. As the previous sections of the paper illustrate, a set of key political design issues continue to emerge again and again. Unless these are addressed, they will continue to be sticking points.

### **Key political design issues**

#### *Balance between national principles and provincial flexibility.*

This issue is at the heart of the debate about federalism. The challenge will be to strike a balance between ensuring that national guiding principles are strong enough to "ensure access for all Canadians, wherever they live or move in Canada, to essential social programs and services of reasonably comparable quality", as the Framework Agreement stipulates, and that the provinces can be assured that their role is not usurped. The concept of best practices in early childhood education and child care policy may help in striking this balance as may the commitments in the Framework Agreement to public accountability, transparency and involving non-governmental players in the processes.

#### *Financing*

Financing is, of course, always a key political issue. As discussed earlier, child care last came to the table at precisely the wrong time when the deficit and debt were the issues of the day. The end of the 1990s, as the federal government shows a surplus, and some provincial economies are healthy, may be a better time financially. At the same time, financial health is a relative and ideological issue, and economic ideologies very much define how much public funding is available to pay for a public service. Whether governments cut taxes instead of reinvesting money in services for children will be important and as a national child care program seems likely to arise only if political agreements can be reached between the federal government and the provinces, how the federal government defines its ability to spend money for children will be a key factor. Past experience with initiating social programs indicates that adequate federal financing can go a long way to ensuring that the provincial players want to play.

### *Convergence of federal/provincial dynamics*

From the perspective of federal/provincial dynamics, child care last came onto the agenda at precisely the wrong time as anxiety about Quebec separation and demands for power from the other provinces peaked in 1995-1996. It will be interesting to see whether agreement to the Social Union Framework by the nine provinces and the federal government has improved these dynamics, and what other factors (like financing) will actually contribute to a more collaborative federal/provincial dynamic. The absence of Quebec as a signer of the Framework Agreement but a potential beneficiary of a national child care strategy may also be a positive factor in shaping federal/provincial negotiations.

### *The backdrop of expert and public opinion*

As the introduction to this paper described, expert opinion in a wide variety of areas has come to support the urgency of action on child care — for children, for parents, for women, for communities, for productivity, for health, for Canadian society at large, and for the human or citizenship rights of children. Public opinion endorses government support for child care.<sup>85</sup> The most recent public opinion poll, conducted in 1998 for Human Resources Development Canada found that 88% of Canadians polled said that they strongly agreed with more government support for a child care program.<sup>86</sup> One of the reasons that child care has garnered broad expert and public support is that, as the introduction to this paper described, it is part of so many diverse agendas. It is for this reason that, however inconvenient it has been for governments, that it has not disappeared from public view, and has come back again and again.

### *The role of social activists*

Historically, the social activists who loosely comprise the child care movement have had a key role in the Canadian child care debate, influencing its content and, sometimes, even the outcomes.<sup>87</sup> As the introduction to this paper described, the circle of those recommending improved child care has expanded considerably and the rationales have grown and deepened. Whether or not the child care movement will be reinvigorated by

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<sup>85</sup>. See Friendly (1997)

<sup>86</sup>. (Environics, 1998).

<sup>87</sup>. (Timpson, 1997; Friendly, 1994)

new developments like, for example, the Quebec initiative and the opportunities presented by the Children's Agenda, will be critical.

### *Federal leadership*

The concept of federal leadership is very much imbedded in all these other key issues. Almost all analyses of the child care situation have concluded that to solve it, the federal government must take a leadership role.<sup>88</sup> The Task Force on Child Care pointed out more than a decade ago that the provinces and territories clearly have the capacity and the constitutional mandate to act on child care. As Doherty et al describe, they have not really done so. Indeed:

*were the capacity to act sufficient in itself, the necessary child care services might already have been provided by provincial governments, acting alone.*<sup>89</sup>

No social program has been developed in this century without a key federal role in making it a national program - health care, public pensions, unemployment insurance, and so on. Indeed, as O'Hara's study of family policy in eight countries points out, the decentralized federal structure of government in the United States seems to have impeded development of their family policy too.<sup>90</sup>

The Government of Canada should be prepared to play an active role in making early childhood care and education a pan-Canadian program. This does not mean that provincial jurisdiction should not be respected nor that the federal government should act unilaterally. As the Framework Agreement commits to "*collaboration on implementation of joint priorities when this would result in more effective and efficient service to Canadians*", and "*ensur(ing) access for all Canadians, wherever they live or move in Canada, to essential social programs and services of reasonably comparable quality*", the challenge for the government of all of Canada is to use vision and ingenuity to create the environment necessary to find solutions for matters of national importance like child care. An important question is: who will get the ball rolling? Which level of government will put child care "on the table" with a serious commitment to making the social union work?

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<sup>88</sup>. For example: Cooke, et al. (1986); Doherty, et al. (1998); Kent (1998); and National Council of Welfare (1999).

<sup>89</sup>. See Cooke, et al. (1986), p. 288

<sup>90</sup>. See O'Hara and Cox (1998).

## Proposals for action: One scenario

A federal government with vision, political will and commitment to children could forge a collaboration to assist in developing provincial programs within a national vision. The next federal budget is an obvious opportunity for a demonstration of effective and appropriate leadership on child care. An environment to forge this kind of collaboration could be fostered with a well-designed national child care strategy. This kind of strategy would include:

- federal commitment to a multi-year Early Childhood Development Services Fund, to be introduced in the first year with a \$2 billion federal commitment<sup>91</sup>;
- key essential building blocks for Early Childhood Development Services in each province/territory consisting of integrated and holistic early childhood education, child care, and parenting programs. Provincial programs could be organized in any of a variety of ways. Additional services to be part of a coherent Early Childhood Development Service system would be optional;
- federal consultation with the provinces concerning national guiding principles, taking into account the best available knowledge about best practices in child development and family policy;
- existing program and financial resources currently in use in each provinces as a foundation for each province's Early Childhood Development Services program;
- provincial design, management and implementation of early childhood development services;
- participation of non-governmental experts and advocates in the process;
- recognition of the key role of players at the local level — community-based organizations, local governments and school boards who would deliver services and develop innovative models. This role of innovator could be facilitated through a grant program to these organizations;
- research, evaluation, data collection and analysis, and public reporting to ensure accountability to the public.

The exercise would be guided by attention to the principles and practices laid out in the Social Union Framework Agreement. There are potential other scenarios but the challenge is to develop and implement a scenario that will move the issue forward.

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<sup>91</sup>. This figure is derived from the Cleveland and Krashinsky study that forms the basis of this symposium (1998). It represents a first step of funding early childhood care and education for all four and five year olds across Canada.

## National guiding principles

A set of guiding principles, together with clear goals and objectives, is an important and useful point of reference for any social program. Best practices in early childhood education and child care policy as well as the commitments in the Framework Agreement to public accountability, transparency and involving non-governmental players in the processes will be useful in developing a set of principles for child care.

An appropriate set of principles based on best practices would include:

- universal provision (including all children regardless of income, class, ability or disability, region, and parents' work status);
- high quality (reflecting the best available knowledge of children's and families' needs);
- comprehensiveness (a range of service choices);
- responsiveness (reflecting community values and diversity as well as including community and parental input);
- accountability (services are responsible to the community served; public resources are well used, and mechanisms to ensure good governance are present);
- coherence (services ensure continuity for children and parents, and use community resources well).

Guiding principles for child care have been proposed many times; for a further discussion of principles, see Friendly, 1994.

## Models of service

Within overarching national guiding principles, a wide variety of models for provincial delivery of early childhood care and education services are possible. Exemplary models of service provision can provide illustrations of the potential flexibility for provinces:

### *The Quebec model*

Early childhood care and education services are within a family policy framework with services for five year olds and older children delivered primarily through an education mandate and by education authorities; services for 0-4 year olds — blending centres and family day care — are delivered by community-based organizations. Parent fees of \$5 a day (with the government paying most of the cost) are being phased in over several years as is expansion of services to achieve a universal supply. Services are for all children regardless of parents' work status or income.

### *The French model*

Early childhood care and education for children aged older than about two and a half are under an education mandate at the national level and are delivered by local education authorities; services for younger children are the responsibility of the Ministry of Health and are delivered by local governments. All older preschoolers may attend a full school day, and virtually all do. There are modest parent fees for services for younger children and for additional services. Some communities (those with low-income families, for example) get additional resources.

### *The Danish model*

All services for children 0-7 are under a Social Welfare mandate and are delivered at the local level by local governments and voluntary organizations. Parents and government share the costs with affordable fees for some services. Virtually all older preschoolers attend, and a higher proportion of very young children (one and two year olds — about 40%) than any other European nation.

### *The seamless day*

Variations on this program have been proposed in Ontario since the 1980s. It would provide full school-day services for all 3-5 year olds under the Ministry of Education, delivered by school boards; children could attend part-day if their parents chose. Services for younger children, including organized family day care, and parenting programs would be delivered either by school boards, local governments or community organizations. Parents would pay affordable fees for some services.

### *A community-based model*

Another possibility could be early childhood services under a human resource mandate at the provincial level, with service delivery by local community-based organizations. In a sense, this is the existing model in place for regulated child care throughout much of Canada but in every province, it lacks funding and policy co-ordination of the three building blocks — child care, early childhood education, and support for parenting.

### The challenge: "Thinking outside the box"

A hackneyed expression in vogue in business, "thinking outside the box", is applicable to Canada's dismal child care situation. This idea, which means only that new ways of thinking are necessary to solve knotty problems, captures the child care challenge today. Can the Social Union Framework Agreement contribute to "thinking outside the box"? If it can't, what can? The challenge is not to say "it can't be done" but to find a way to ensure that it is done. This is the challenge to all our governments but especially the Government of Canada.

As this paper pointed out, the Framework Agreement does create new pressures for governments to find a way to begin finally to create a national child care strategy. It has, as well, a timetable, tied to the commitment to the three-year review. In addition, the National Children's Agenda announced in May, 1999 provides important and useful opportunities to reinforce the message of the National Council of Welfare that "*many social programs support families but child care is the backbone of them all*".<sup>92</sup> Perhaps these activities will act as some motivation for "thinking outside the box".

### Is child care a canary in a coal mine?

As coal miners used to hang a canary in a cage to warn of a mine disaster, Canada's inability to provide public policy for early childhood development services that are now commonplace in other mainstream societies should be a signal about the nation's functioning. The government of all Canadians — the federal government — has to be able to forge agreement on initiatives that are pertinent to all of us in every region, or the nation will become increasingly nonfunctional.

Over the past few years, there has been considerable political discussion about focusing on outcomes, and achieving the best we can as a society. Many of us have put forward what we believe is a convincing case that a national approach to high quality early childhood care and education is essential to many outcomes. But even more than that, we should ensure these services because it's the right thing to do for children, for parents, for mothers. Finally, what's necessary is vision, commitment, the political will to make it a reality, and action.

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<sup>92</sup>. See National Council of Welfare (1999), p. 70, 89

List of Contributors

Acknowledgements

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**Chapter 1 — Child Care and the Social Union: Who Should Do What?**

Introduction

Child Care and Canadian Federalism in the 1990s: Canary in a Coal Mine

*Martha Friendly*

The Politics of Child Care in Canada: Provincial and Federal Governments

*Bob Rae*

The Federal Imperative

*Tom Kent*

Child Care and the Social Union Framework Agreement: Lament or Leverage?

*Alfred MacLeod*

Summary of Floor Discussion

References

**Chapter 2 — What the Rest of Canada Can Learn From Quebec and From Other Countries**

Introduction

What we can learn From the Quebec Experience

*Jocelyne Tougas*

Getting Good Childcare for Families: What Canada Can Learn from Other Countries?

*Helen Penn*

Summary of Floor Discussion

References

**Chapter 3 — What is Good Quality Child Care and how Do We Get It?**

Introduction

Moving Towards Achieving Quality Child Care

*Gillian Doherty*

Training, Quality and the Lived Experience of Child Care

*Hillel Goelman*

Comments on Child Care Quality

*Ellen Vineberg Jacobs*

*June Pollard, Judy Bernhard and Pat Corson*

Summary of Floor Discussion

References

#### **Chapter 4 — How Will Good Child Care Services Be Delivered: Education System or Community Services?**

Introduction

Education and Child Care: Confronting New Realities

*Penny Milton*

The Case for Community-governed Child Care Services

*Susan Prentice*

Comments on the Delivery of Child Care

*Julie Mathien*

*Jane Beach*

Afterword

*Penny Milton*

Afterword

*Rita Chudnovsky*

Summary of Floor Discussion

References

#### **Chapter 5 — What Family Policies Are Needed to Complement Universal Child Care?**

Introduction

Family Policies and Families Well-being: an International Comparison

*Anne H. Gauthier*

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*Maureen Baker*

Comments on Family Policies and Child Care

*Kathy O'Hara*

*Shelley Phipps*

Summary of Floor Discussion

References

## Chapter 6 — Single Parents, Child Poverty, Children at Risk: What Special Child Care Policies are needed?

Introduction

What Special Arrangements Are Necessary For Lone Parent Families in a Universal Child Care Program?

*Gordon Cleveland and Michael Krashinsky*

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Afterword

*Gordon Cleveland and Michael Krashinsky*

Summary of Floor Discussion

References

## Chapter 7 — Child Care Workers: What Qualifications, Pay, and Organizations Should They Have?

Introduction

Working with Young Children

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Thoughts on Child Care Workers

*Annette LaGrange*

Comments on Child Care Workers

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*Marta Juorio*

Afterword

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Summary of Floor Discussion

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## Conclusions

*Gordon Cleveland and Michael Krashinsky*

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