



Prime Minister Harper announces in PEI in May 2013. The Job Grant reflects his sense of the division of powers between Ottawa and the provinces. PMO photo

The Harper Rosetta Stone

Jack Hughes

When the Canada Job Grant was announced, there were many who believed—and even some who hoped—the federal government was trying to pick a fight with the provinces. Above all, the Canada Job Grant is an object lesson in Stephen Harper’s beliefs about the division of powers between the federal and provincial governments and about the division of responsibilities between the public and private sectors.

The evolution of the Canada Job Grant, from the centrepiece of Economic Action Plan 2013 to a modified version briefly referenced in Economic Action Plan 2014, is a story that offers invaluable insight into Prime Minister Stephen Harper’s philosophy of government.

To that end, the grant can be used as a political Rosetta Stone—a key to understanding the PM’s views on both the division of powers between the federal and provincial governments and the proper division of responsibilities between the public and private sectors. The existence of such a tool is relevant because there are still those who consider Harper to be an enigma. More improbably, despite his having been in office for more than eight years, there is even a small but dedicated band of skeptics who continue to search for his “hidden agenda”. To them, or to anyone who genuinely wants to have a better understanding of Stephen Harper’s brand of conservative ideology, the Canada Job Grant is a telling example of what he is attempting to do and what he hopes to achieve.

In certain respects, the Canada Job Grant remains unchanged from the initiative first outlined in Budget 2013. It

is still a vehicle through which eligible businesses can access up to \$15,000 in skills-training funding for their employees. As originally conceived, however, the funding for the grant was to come from matching contributions of up to \$5,000 from an interested private sector employer, the federal government and the relevant province or territory—in that order.

To access matching funds, an employer had to first “show their commitment” by pledging to make a financial investment. If the business in question qualified, the federal government would then make a matching contribution. The appropriate province or territory would, in turn, provide the “final third”.

In that first iteration, therefore, the grant could be characterized as a public-private partnership in which the federal, provincial and territorial governments would collectively harness their respective resources to “achieve [their] shared objectives of creating jobs and economic growth.” While Finance Minister Jim Flaherty readily acknowledged the final details were still to be negotiated with the provinces and territories, it was immediately apparent those negotiations would be complicated by the fact that

the federal government had not consulted in advance. This was not an accidental oversight. The decision to engage the provinces and territories after the fact was arguably the first indication that the Harper government was prepared to act unilaterally. Just how far it was willing to go down that path would only become clear in the months that followed.

P rime Minister Harper has, at times, described the provinces as “lower forms of government”—by which he does not necessarily mean “lesser forms of government”. For lack of a better description, it might be accurate to say he is a strict constructionist with respect to the constitutional division of powers. At his core, it is clear that Harper believes the federal government should play a leading role when it comes to national issues and priorities. It is also clear that in this, as in all things, he believes that there should only ever be one leader at a time.

In the case of the Canada Job Grant, the fact that the provincial/territorial governments weren't consulted in advance, and the ease with which the federal government subsequently agreed to cover its share of the funding, suggest that their consent and participation was never viewed as essential.

After the program was announced, there were many who believed—and even some who hoped—the federal government was trying to pick a fight with the provinces. To them, the grant was either an attempt to encroach on an area of provincial jurisdiction or a clever way of diverting transfer payments. Yet, in stark contrast to the attempts by some provincial officials to generate a public backlash against the federal position, the posture adopted by the Harper government belies any sense that they are trying to force a battle over jurisdiction.

Since his new portfolio was created last summer, Employment Minister Jason Kenney has deftly handled the negotiations with the provinces and territories by publicly positioning himself as the reasonable man. He has been quick to make tactical concessions, while not compromising the government's core strategic objective. He has freely acknowledged that the original plan may not have been perfect, while solidifying the impression that the federal government's heart (and head) is in the right

place. Moreover, he has established a foundation for the grant on the bedrock of a logical premise: In many vital sectors of the economy there are severe skills gaps that will only be exacerbated by looming demographic trends. The gaps are themselves proof that existing programs just aren't working.

In both tone and content, therefore, the Harper government has tried to downplay any differences with the provinces and territories. While some of them have launched a series of salvos at their federal counterparts, there has been no return fire. Arguably the most striking example of how little the provincial attacks have changed the federal narrative is the language used to describe the grant in the texts of both the 2013 and 2014 budgets. In both documents, the federal government pledges to work closely with the provinces and territories to implement the grant through the renewal of Labour Market Agreements. None of the language found in the 2014 version even hints at the strong opposition from the provinces, apart perhaps from the somewhat cryptic note that if joint efforts fail the federal government will simply deliver the grant themselves.

What lessons can we infer from all this? First, while Harper has a bias for smaller and less interventionist government, he will act unilaterally and decisively in an area where he believes he has the authority to impose a solution to what he perceives as being a national problem. Second, on important and contentious issues the prime minister and his government will disagree without being disagreeable. Unlike some of his recent predecessors, the PM will prevent policy disputes and political disagreements with the provinces from becoming constitutional crises.

While the Canada Job Grant is the most recent example of this last point, it is not the only example Harper has negotiated agreements with the provinces on a number of issues, from health care funding to agricultural support programs—all without convening first ministers conferences.

In the same way that the Canada Job Grant offers us a perspective on the PM's views of the respective roles of the federal, provincial and territorial governments, it also provides us with a perspective on how he views the proper roles of the public and private sectors. It is no secret that Harper and his cabinet have long believed that business—writ large—has not done enough on skills

training. Large companies, in particular, are seen as too quick to avail themselves of various stopgap measures which were cheaper, easier and faster.

C onsequently, while the grant was initially promoted on the basis of the flexibility it would provide to both employees and their employers, we now know the federal government's primary goal was to force the private sector to the table.

In this respect, the government's messaging has been far from subtle. As Kenney candidly confided to journalists “[the] idea behind the grant...is actually to leverage an increase in private sector funding.”

Lest anyone miss his message, Kenney buttressed the point by noting: “[the] Canadian private sector spends less than virtually any other developed country's private sector on skills development and jobs training.” Translation: It's time for the private sector to pull its own weight.

In that sense, the Canada Job Grant is perhaps the natural extension of the Harper government's foundational belief that the public sector should not intervene in or interfere with the private sector unless it is absolutely necessary to do so. Harper, Kenney and Flaherty all seem to share a genuine personal conviction that the private sector is far better and more efficient at identifying skills gaps as well as devising solutions for how to fill them. By that logic, governments should follow or, better still, get out of the way entirely.

Just as the real Rosetta Stone was a key to understanding ancient Egyptian hieroglyphics, the Canada Job Grant can be a key to understanding Stephen Harper's views about both the public and private sectors. Yet, just like the real Rosetta Stone, the Canada Job Grant is missing key pieces.

At the time of writing, Minister Kenney is continuing to negotiate—having just acceded to two requests made by the provinces and territories. Whatever the outcome, the Grant has already succeeded in one respect: It has shown Canadians, cynics and supporters alike, what our head of government thinks of government. **P**

Jack Hughes is a vice president at Hill+Knowlton Strategies Canada, and is the leader of the company's Procurement + Trade group. jack.hughes@hkstrategies.ca