



The Tory Jobs Program Isn't Enough

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Earlier this month, Canada's provincial and federal ministers responsible for labour market policy met for the first time in several years. That it has been this long is symptomatic of the many challenges facing labour market policy in Canada. Policy directions are too often ad hoc, made up as discrete problems arise and with inadequate coordination.

The purpose of the meeting was to discuss how federal transfers for training and employment supports will be allocated after March 31, 2014, including Ottawa's proposed Canada Job Grant. This is important, but given how Canada's labour market is likely to change over the next number of years, we need a much more comprehensive look at labour market policy.

In a paper just released by the Institute for Research on Public Policy, I look at how Canada's labour market is likely to change over the next decade and the issues policy-makers and employers should focus on. Over this period, Canada's workforce will age considerably, labour force growth will slow, and the pressure to improve our productivity performance will only mount.

Claims that labour force growth will only come from immigration are wrong. Canada's labour force growth has and will continue to be dominated by millions of young Canadians. All that is different now is that millions of older workers will be retiring, bringing the net difference between younger and older workers into closer balance.

This means that when thinking about skills development for the future labour market we have to especially focus on the young and those in the middle of their working lives. Here are several things ministers should think about.

First, we need to make sure our "first chance system," whereby young Canadians move from PSE to work, performs well. While it works relatively well for many, it could do better. Students need better information, better incentives and better pathways in order to select the best of field of study relative to their skills. Enhancing the quality and dissemination of information on labour market outcomes by field of study and occupation is one very important step.

But, more profoundly, we must also address the perception that any university education is better than a trade program. Combined with greater efforts by provinces to make PSE more flexible for students switching programs, this will help achieve a better match between expectations and reality.

Because the "first chance" system will never get it right for everyone, we also need to ensure there is an effective "second chance system" for those who have had bad outcomes, whether due to bad luck (such as graduating in a recession), bad choices, or simply a desire to obtain a better job. For many in these circumstances, however, the challenge of upgrading skills is one of escaping lower-skill jobs. Because employers are reluctant to invest in developing skills an employee could take elsewhere, these workers face a paradox. To get help, many of our public training programs require you to first be unemployed.

That makes no sense.

Canada needs to step back and do a serious rethink of the training and employment support system. As part of the Canada Job Grant proposal, Minister Kenney has argued we need to "stop doing training for the sake of training." He's right.

Yet, what quickly becomes evident in such a debate is that we don't really know what works and what does not work. To fix this, we have to ask some fundamental questions: Who is best targeted by training measures? What kind of skills are we trying to develop? And how much training is "enough" to ensure long-term success?

Then we need more rigorous evaluation of outcomes, to see if benefits exceed costs. We also need a way to compare evaluation results across interventions. Without concrete evidence of payoff, the growing fiscal pressures from population ageing are likely to leave such programs vulnerable to cuts.

The Canada Job Grant could be a positive step in that direction, if it avoids the traditional focus on short-term training,

is better connected to the needs of employers and includes rigorous program evaluation. When an agreement is reached between the provinces and the federal government, the discussions should not end. All partners should then seize the opportunity to discuss a new framework of labour market policy in Canada.

There's still a lot of work to do.

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