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Discussion

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DISCUSSION AFTER THE SPEECHES OF MARIE-LOUISE
CARAVATTI AND YVES POISSON

QUESTION, *Mr. Robinson*: To what extent is there competition and friction between federal and state training programs?

ANSWER, *Dr. Caravatti*: Well, there has been friction, clearly. States rights, as you know, is something that Congress in particular is pushing. We are turning to block grants primarily as a way of avoiding the rejection of the federal government that, unfortunately, we have seen lately. This is an attempt to try to make things work more smoothly.

The federal government's role in training programs right now has come under a great deal of attack because many of the programs were considered to be unsuccessful. The states have developed their own programs which have provided much more assistance and have been much more successful at the local level.

QUESTION, *Mr. Robinson*: When a state decides they want a BMW plant, for instance, and they want to upgrade their skills, is this funded entirely out of the state budget, or can they dip into the federal budget?

ANSWER, *Dr. Caravatti*: There can be some matching funds from the U.S. Department of Labor, but the U.S. Department of Labor has had its funds cut so dramatically, and this will continue even more next year, so the notion of matching grants is probably less and less likely. That is why we are turning to the block grant approach.

QUESTION, *Professor King*: In terms of the provinces in Canada, there are wide variations. What about guidelines and standards in setting up these provincial programs? What type of controls or authority do you exercise?

ANSWER, *Mr. Poisson*: I think in some areas, such as in the construction industry and in the trade area, there has been work done. There is a program called Red Seal which harmonizes standards across jurisdictions.

The sector council has come up with a description of the skills required in order to perform jobs in the car industry, for example, and most provinces are now using that standard. In that context, a partnership between industry and labor, and the involvement of the provinces is the way to go.

COMMENT, *Mr. Robinson*: If you were asking to what extent can the federal government impose national standards, I think the answer is, not at all.

COMMENT, *Professor King*: Right.

COMMENT, *Mr. Robinson*: But that does not seem to be the

case in the United States.

COMMENT, *Dr. Caravatti*: It is, indeed.

QUESTION, *Mr. Robinson*: It is?

ANSWER, *Dr. Caravatti*: There is tremendous resistance to the government being involved in setting standards at all. The Goals 2000 standard-setting legislation was basically gutted, and now we have the National Skills Standards Board that is really tip-toeing around the issue of standards. They are actually saying that these standards will be voluntary. They will not be developing standards themselves; they will be helping to develop a system of standards.

I think, though, that Goals 2000 had the intent to create national educational standards.

COMMENT, *Ms. Eisen*: Goals.

COMMENT, *Dr. Caravatti*: Goals, standards, exactly. Even the idea of goals has been rejected. You see enormous numbers of groups writing and going to public hearings expressing absolute horror at the thought that there might be a national educational standard. Two and two need not add up to the same amount in North Carolina as in South Carolina.

QUESTION, *Professor King*: Is there a downside to that?

ANSWER, *Dr. Caravatti*: I believe there probably is because it makes it more difficult if you are going to try to establish fifty different educational standards. If every state has to develop its own standards system, what happens when you move from one state to another in terms of the resources that are wasted in the duplication? That is a loss. You also have comparability problems and you have all sorts of other issues. When you have a company that has locations in different states, how do you figure out who you want to employ, given the different basic standards?

COMMENT, *Mr. Robinson*: It sounds like in the Canada/U.S. context, your problem is five times bigger than ours because we only have ten provinces and you have fifty states.

QUESTION, *Mr. Pascoe*: I just wonder, in today's environment, is there any discussion, given the difficulty of getting industry to invest in training, particularly in smaller companies, of creating some sort of a training tax that would be refundable to companies that do show evidence of having actual training programs?

ANSWER, *Mr. Poisson*: I do not think there is any consideration being given in Canada at the federal level to such an approach. There are provinces, however, which have put that sort of program in place, Quebec being one. I do not have all of the details in terms of the result of this kind of program, but I do not believe that it is extremely successful.

What we want to do is assist individuals in this area and create a demand from the individuals themselves so they realize that there are

needs and then use, basically, a bottom-up approach.

COMMENT, *Dr. Caravatti*: This is probably true in the United States as well. There certainly is not any consideration of any new taxes at the federal level, although, as I said, there is some legislation. Senators Kennedy, Dashel, and Binghamon have made some proposals, but at this point they are very preliminary and it is uncertain that any of this will pass anyway in the current environment.

COMMENT, *Mr. Robinson*: Wall Street is really keen on the tax on financial transactions.

COMMENT, *Dr. Caravatti*: Yes, I think Canada would do very well if we were to impose that.

QUESTION, *Mr. Robinson*: To amplify Yves' answer to that question just a little bit, the labor-sponsored funds have been of some assistance, and there is a built-in tax there. This is an investment vehicle created in Canada to try to stimulate the development of small and medium industry. There is a tax break to investing in a worker-sponsored fund. Of course, the investment does not directly produce training, but so many of those investments are being made in higher-tech industries, and there is a trickle-down effect in training improvement through that type of government vehicle, although I know that was not the primary purpose. Could you comment on that?

ANSWER, *Mr. Poisson*: Yes, I think you are right. There are also fiscal avenues that should be addressed, both to assist individuals and companies in the area of training opportunities. But I do not think that our colleagues at the Department of Finance would be very receptive to this. Maybe something should be done on that side as well.

QUESTION, *Mr. Erdilek*: I have a question for our U.S. speaker. As a U.S. taxpayer and educator, I am curious about the role of another government agency, the Department of Education. What does the Department of Education do in the area of human resource development? Could you address that question? Also, if your assessment of the Department of Education's role is maybe less than what it is supposed to be, could you tell us what it can or should do?

ANSWER, *Dr. Caravatti*: I have to confess that I am not an expert on what the Department of Education is doing. Obviously, the Department of Education is not engaged in the training area that I know of.

They will have a considerable amount of money in challenge grants for educational technologies and distance learning efforts. They fund distance learning projects. I believe that some of this will probably be made available to the postsecondary schools, universities, and community colleges. I am not sure whether this would also be available to companies.

QUESTION, *Mr. Betcherman*: I just wanted to make a comment on Henry's question about standards. I am thinking of standards more

broadly, to the extent to which occupational standards are validated across jurisdictions. But for fiscal and constitutional reasons, a key part of the Canadian situation is that the federal government is basically backing away from their financial investment in human resource-related areas, which may be the proper thing to do, but that is clearly what is happening. I am thinking about human resource areas quite broadly, in terms of education, training, health, and Social Security. The federal government is reducing its expenditures in these areas.

That is the key debate in Canada right now. To what extent is reducing expenditures going to affect national standards? To what extent is the federal government going to be able to impose national standards in terms of our health care system? We have never been that successful in terms of national standards in education and training, but some people say that is an important national goal.

That is really at the core of the debate that is going on right now in Canada. As all of this gets more and more decentralized to the provinces and the federal government changes its role from a direct funder and deliverer of services to facilitator and partial funder, the question is to what extent Canada can impose any kind of national standards on anything.

We have this new transfer in Canada which regulates fund transfers from the federal government to the provinces. Is the money they are transferring enough to give them clout at the table to impose standards?

ANSWER, *Mr. Robinson*: I would just like to comment further to help people understand the Canadian situation and the difficulties of getting national standards and constitutional agreement. We all know the issue about the province of Quebec, but what many of you may not be aware of, it was only last year that the provinces in Canada included a Free Trade Agreement between the provinces, which is about half as good as NAFTA. There are still restrictions interprovincially, however. There are quite extraordinary restrictions on labor movement, provision of services, sales of goods across interprovincial borders in Canada; much more restrictive than those between Canada, the United States, and Mexico. So we are learning a lot of this as we go along in that regard.

QUESTION, *Mr. O'Grady*: I just wanted to ask Mr. Poisson about the privatization of the select training. I suppose the choice that an individual would have would depend upon what choices are available. It would be partly a function of what programs are available in the community colleges or other training institutes, and partly a function of the advice that he would be getting from the counseling service. Is the federal government going to continue to play any role in setting or assisting the availability of programs, or is it going to be left entirely to be driven by consumer choice from the bottom up? I would think that

if it is the latter that is an amateur's way of running an education program.

ANSWER, *Mr. Poisson*: There are ongoing discussions between the federal government and provinces as to who is going to deliver all of the active programs. More generally, who will deliver the labor market program? The decision was made that we will withdraw from the purchase of training. This is fairly significant because when you have the money and you go to colleges, basically you can buy what you want. And what you want may be what is needed, or not, it may be effective or not, but that is another issue.

As you put more responsibility onto individuals, this is one aspect of the transformation taking place. Other aspects relate to the delivery of these active measures. I think some of you probably know that some provinces will be quite willing to take over the delivery of all of these programs, with maybe the exception of the unemployment insurance program. The employment insurance legislation itself opens quite a number of doors to the extent that it could permit the funding of provincial programs by the federal government out of the employment insurance account because they are similar in their objectives and purpose, to those which are proposed by the federal government.

So there is the potential to arrive at agreements with provinces where, in effect, federal funds would be transferred to them and they would assume total responsibility, including the operation of the counseling service.

That is basically what the Province of Quebec is looking for. I think there are other provinces which would be willing to take on similar responsibilities. Your question, I think, should be seen in that context.

QUESTION, *Professor King*: I think what we have witnessed here is that states like South Carolina are going to be able to attract industries, as they did BMW, through training programs, creating a high degree of competitiveness between our states. I would ask the speakers here today whether they think there ought to be any controls. What is the influence of training in attracting industry and industry location? Do you want to comment on that?

ANSWER, *Dr. Caravatti*: A number of states are quite concerned about this. They do not have the resources to be as generous as other states, and they are concerned that they will not get the investment that some states are able to attract. I think that in terms of trying to impose some kind of control, some kind of legal restrictions at this point, the federal government is in no position to do anything like that. We are just going to have to wait and see what happens. I know that there certainly are not any plans to try to introduce any legislation at this point.

COMMENT, *Mr. Poisson*: In my own experience, firms that

come to us and ask for assistance in the area of training are basically looking for dollars. Wage subsidies or other forms of financial assistance were not necessarily entirely meant for training. These funds have to provide assistance to the people who have been identified as most needy, and essentially these people are the unemployed. So there is no kind of across-the-board financial assistance provided to firms in relation to training.

COMMENT, *Mr. Robinson*: We used to do this in Canada. We had what was called the Department of Regional Economic Expansion, and it is now defunct. The idea was that the federal government was the great leveler. One has to remember that in Canada, job mobility is not like it is in the United States. People think if they are born in Cape Breton, the government at some level is going to make sure they have a job in Cape Breton. They do not have to move to Toronto or Calgary, or wherever, whereas U.S. labor is infinitely more mobile. So it was quite a wrenching change on the Canadian federal government policy to say, look, we cannot keep propping up regions to try to make everybody equal. We are going to have to have the region, in effect, compete in itself.