

Beyond National Standards: Reconciling Tension between Federalism and the Welfare State

Jennifer Wallner*

There is a tension between federalism and the welfare state. A keystone of federalism is preserving diversity by allowing populations to pursue alternative pathways from a national agenda. Under the logic of social citizenship, the welfare state should provide similar access to comparable programs for all citizens. To reconcile this tension, federations are encouraged to adopt national standards. But this begs the question: Are national standards a necessary condition for sub-national policy similarity? I test this by examining the Canadian education sector in a comparative context. My central findings suggest that national standards aren't necessary for the achievement of sub-national policy similarity. In lieu of national involvement, contextual factors help sub-national governments defy the odds and reconcile the tension between federalism and the welfare state.

Federalism as a system of government is intended to foster shared rule and self-rule. While creating an institutional context that enables policy action sometimes overseen by a national government, the formal division of powers affords territorially based groups the room for autonomous decision-making. A keystone of federalism is therefore the preservation of diversity by allowing distinct populations to pursue alternative pathways from a national agenda. A fundamental objective of the welfare state is to enhance equal social rights for all citizens. Manifested under the logic of social citizenship (Marshall 1965), the welfare state—and the social policies that constitute it—should provide similar access to comparable programs and benefits for all citizens, regardless of their place of residence. Uniformity and similarity are thus underlying principles of the welfare state. To quote Obinger, Castles, and Leibfried (2005), “Federalism and the welfare state thus seem to be at opposite ends of the diversity-uniformity continuum” (2).

The tension between federalism and the welfare state is straightforward. According to Banting (2006), the “promise of social citizenship is the equality

*Johnson-Shoyama Graduate School of Public Policy, University of Regina; jennifer.wallner@uregina.ca

of treatment of citizens, to be achieved through common social benefits,” but “the promise of federalism is regional diversity in public policies, reflecting the preferences of regional communities and cultures” (44). The risk is that the logic of diversity will overpower the logic of social citizenship and compromise both the overall performance of policy sectors and the achievement of sub-national similarity within a federation. Put starkly, the image is one of systematic sub-national inconsistencies permitted by the division of powers.

To reconcile the tension between federalism and the welfare state, scholars and practitioners often turn to the power of the central state (Banting 1987; Scharpf 1988; White 2002). Endowed with the legitimate authority to mandate common standards for the country as a whole, national governments are seen as the critical agent to create and maintain the conditions for comparable social rights for all citizens. They can establish national departments to oversee policy sectors, including those that constitutionally fall under the jurisdiction of the sub-national governments. Furthermore, through instruments such as regulatory and spending powers, the central state can directly intervene to ensure that all citizens, regardless of residence, receive comparable levels of programs and benefits (Birch 1955; Banting 1995; Théret 1999).

However, this proclivity that favors the direct intervention of the central state begs the question: Are national standards a *necessary* condition for sub-national policy similarity in a federal state? Noël (1999), for example, has convincingly demonstrated that federalism and sub-national autonomy does not necessarily favor conservative, less generous policy orientations (195). Here I take a different approach to determine whether sub-national policy similarity can emerge without the active coordination of the national government. To answer this question, this article takes a close look at the Canadian elementary and secondary education sector.

Political scientists rarely include education in their investigations of the welfare state. However, as Jensen (2008) recently argued, “this may be a matter of convention than anything else” (160). Following Marshall (1965), education is one of the sectors at the core of social policy as it plays a vital role in the “modern drive towards social equality” (78). According to Flora and Heidenheimer (1981), “the welfare state does not distribute benefits only as compensatory measures for those who have less. It also interacts with the labor market so as to make it possible for those who utilize public programs to raise or maintain their social status” (7). For Flora and Heidenheimer, the “essence of the welfare state” thus includes education (7). Finally, as Busemeyer (2007a) demonstrates, control over education is frequently decentralized to the regional level and, as a result, there tends to be a “greater variety in terms of the quality and general levels of spending” (9). Consequently, the education sector offers an excellent focal point for probing the necessity of national standards in social policy.

Canada is unique in the world as the sub-national governments maintain the complete responsibility for the field.¹ Canada lacks a national department of education that oversees the sector. There are no national standards that the provinces are required to maintain. Minimum funding levels, national goals, or an overarching curriculum do not exist in Canada. Consequently, when measured in terms of the balance of power and influence between the national and sub-national governments, it is regarded as one of the most decentralized sectors in the industrialized world (Meuret 1994). It therefore provides a crucial case to interrogate traditional assumptions that national standards are required to achieve sub-national similarity in a vital area of social policy.

This article examines two groups of indicators, specifically, investments and achievements in elementary and secondary education. Two central questions are asked. First, relative to other countries, does Canada underinvest and underperform in elementary and secondary education? Second, relative to other countries, does Canada exhibit greater sub-national variation in investments and achievements in the sector? Based on expectations derived from the literature, I expect that Canada will both underinvest and underperform in elementary and secondary education, and that Canada will exhibit greater internal variations among the sub-national jurisdictions compared with other cases.

The findings presented here are both unexpected and interesting. While Canada seems to invest slightly less in education relative to other industrial states, its educational attainments are strong. Without national direction, the Canadian provinces have fashioned similar education sectors supported by comparable levels of investments that record commensurable achievements. The evidence suggests that the absence of national standards has not translated into ineffective or strikingly dissimilar education sectors across the sub-national jurisdictions. These findings thus demonstrate that national standards are not a necessary condition for the achievement of sub-national similarity in a social policy sector.

The discussion proceeds in four parts. The first section sets the context by briefly reviewing the federalism literature and distils two sets of expectations regarding the impact of shared rule and self-rule for education in Canada. The second section examines the impact of federalism on the investments made in Canadian public education. In the third section, attention shifts to outcomes in education. The fourth section offers an explanation for these findings and highlights the significance of three contextual factors: societal pressures, fiscal federalism, and the configuration of the policy sector. By combining these three factors, we can better understand how the potential for systematic differences can be overcome without the direct intervention of the national government in a critical area of social policy.

Before proceeding, an important caveat needs to be made about research design. Ideally, provincial level data from Canada would be systematically compared with

sub-national level data from other countries. Such comparisons would permit an effective demonstration of whether or not Canada demonstrates elevated inter-regional variations compared with other countries. Unfortunately, a series of data limitations has restricted the potential universe of cases and undermined any attempt at systematic comparison.² Therefore, the comparisons of sub-national Canadian data with those of other countries are relatively unstructured here. Nevertheless, despite the limitations, the unstructured comparisons provide touchstones to gauge the extent of sub-national discrepancies in education investments and achievements among the Canadian provinces relative to other cases.

Setting the Context

Federalism and Social Policy

Scanning the federalism literature, there are numerous debates regarding the impact of shared rule and self-rule on investments and achievements in social policy (Laski 1939; Banting 1987; Weingast 1995; Pierson 1995; Noël 1999). However, as Simeon (2006) writes, “If there is any consensus in the literature on the policy consequences of federalism it is this: that the size of government, and the commitment to social spending is lower in federal countries than in non-federal countries” (23). Researchers tend to agree that social spending lagged in federal countries and frequently continues to be depressed (Weingast 1995; Castles 1999). Some macro-quantitative assessments have demonstrated that federations spend less on social policy than their non-federal counterparts (Obinger *et.al.* 2005, 3–4). Cameron (1978), for example, determined that federalism was the key explanatory factor to account for variations in welfare spending. More recently, Swank (2001) has argued that the combination of federalism and bicameralism has a negative impact on state investments in social policy. It appears that the division of powers creates structural constraints that can act as a breaking mechanism for state expenditures, translating into lower policy investments overall.

Systematic underinvestment in social policy, however, does not necessitate entrenched sub-national disparities within a federation. If all constituent units underinvest equally, no portion of the population will be subjected to uneven treatment. The problem is that resources are never equally distributed across a country (Rodden 2002). Certain sub-national units with superior economic resources may therefore choose to invest more than others; alternatively, economically weaker jurisdictions may be forced to tax their citizens at significantly higher rates to match the other regions. “The critical issue,” according to Banting (2006), “is whether social benefits are available to all citizens on equal terms” (45). A recent study conducted by Rom (2006) on K-12 education spending in the United States is illustrative. Rom determined that wealthier states were increasing

their investments in a race to the top, while poorer states were becoming miserly in a race to the bottom. Citizens from economically weaker states thus receive dissimilar treatment in educational investments compared with their counterparts in economically stronger states. Such outcomes suggest that the logic of diversity can overpower the logic of social citizenship, potentially compromising social cohesion across sub-national jurisdictions.³

Turning to achievements, the concern of federal critics is that sub-national disparities will emerge in policy outcomes. If certain sub-national governments are unable to provide effective programs, their populations will not receive comparable benefits from the welfare state and may suffer from, among other things, greater health problems, lower educational attainments, and poorer economic performance (Peterson 1995; Rom, Peterson and Scheve Jr. 1998). Furthermore, internal disparities may depress the overall results recorded by the country as a whole. It is therefore important to consider not only the levels of investment made to social programs, but also the subsequent achievements that arise from the policies of sub-national governments.

To reconcile this tension, scholars and practitioners frequently turn to the power of the central state (Peterson and Rom 1990; Conlan 2008). Such intervention can take the form of ratifying national policy standards that set minimal provisions for programs or funding levels that all sub-national governments are required to maintain. More intrusively, the national government can impose targeted funds through conditional grants to support overarching priorities in pertinent policy fields. Finally, the national government can introduce a form of administrative oversight by establishing a national department in a policy field. Put together, these components can fashion what Banting (2006) refers to as a “policy framework that applies to the country as a whole” (50). But what is the state of education in Canada? Does the federal government maintain standards in the field? What are the formal mechanisms to secure comparable education programs across the provinces? It is to these questions that I now turn.

Education in Canada

Under the *Constitution Act, 1867*, the provinces of Canada have the legal, administrative, and financial responsibility for education. Section 93 states “In and for each Province the Legislature may exclusively make Laws in relation to Education” subject only to certain regulations that protected the rights of religious minority schools that were in place at the time of Confederation. Unlike other countries, Canada does not maintain an authoritative national body that is capable of imposing overarching standards in the field. Nor does the administrative apparatus of the federal government include a department of education. The result is that there is no formal policy framework for education. A voluntary body, the

Council of Ministers of Education Canada (CMEC) was created in 1967 to provide a forum for inter-provincial discourse and action in education. The CMEC functions without the participation of representatives from the federal government and sub-national autonomy is both recognized and guarded by the organization as agreements reached among the parties are of a non-binding nature and are unenforceable by the Council.

Institutional exceptionalism is one reason why Canada provides an interesting case to examine the necessity of national standards. However, sub-national autonomy does not immediately mean that variations will emerge among the constituent units. Additionally, the Canadian provinces demonstrate diversity in political economy, demographics, and political culture, which are implicated by scholars as critical elements that influence the shape and form of government policies (Erk 2003a; Bernard and Saint-Arnaud 2004). Given these variations in the policy contexts, it is reasonable to expect that there will be meaningful discrepancies in the investments and achievements of the Canadian provinces. Put simply, sub-national diversity should be the norm in Canadian education.

From this discussion of the federalism literature and the outline of features of education in Canada, it is possible to distil two groups of propositions to guide this investigation. First, based on the organization of the policy sector and the extensive autonomy afforded the provincial governments, I expect that Canada will underinvest in elementary and secondary education and that there will be greater sub-national variations in investments than the sub-national variations in other Organisation for Economic Co-operation and Development (OECD) countries. Second, I expect that Canada will underperform in education and that there will be greater unevenness in educational achievements among the Canadian provinces than sub-national regions in other OECD countries.

Investments in Education

Two sets of indicators are used to measure the level of investment in education. The first set focuses on spending: average annual expenditures per pupil and educational spending as a proportion of gross domestic product (GDP). Data on national level per pupil spending and as a proportion of GDP are taken from the OECD. Per pupil spending expenditures, however, are heavily influenced by contextual conditions, including the presence of right-wing parties, internal population demographics, the power of teachers' unions, transportation costs, and other general overhead costs (Busemeyer 2007b). To reinforce the measure of spending, I also examine educational expenditures as a proportion of GDP. This allows me to assess the relative importance of education spending next to the overall fiscal capacity of the state. The second set uses a different measure of inputs: student-teacher ratios. Borrowing from Rom and Garand (2001), this indicator

assumes that the smaller the class size, the more generous the state. OECD and Statistics Canada data are used for student–teacher ratios.

To measure the extent of subnational unevenness, the data on spending and student–teacher ratios are broken down to see whether or not significant variations appear among the provinces. I compare differences in provincial investments with subnational regions in a selection of other cases. As noted earlier, data limitations have restricted the potential for a systematic assessment. Moreover, spending is reported in domestic dollar values, which further weakens the comparable validity. The data nevertheless provide a valuable benchmark to determine if greater internal variations appear in the Canadian case than in other polities with national departments of education. Here I compare sub-national variations in per-pupil spending between Canada, England, Germany, and the United States.⁴

Does Canada underinvest in education relative to other OECD countries? The picture is a bit mixed. The data in table 1 signal that per pupil spending is lower in Canada, thus seeming to confirm the general consensus that institutional fragmentation can depress social spending. Of the twelve countries sampled, however, non-federal New Zealand falls below Canada. Other federations, moreover, such as Australia, Austria, and the United States, record higher per pupil spending as a national average than other non-federal countries. This seems to indicate that the effect of federalism on social policy spending is less clear-cut than is often presumed (Leibfried, Castles, and Obinger 2005, 318).

Looking at spending as a proportion of GDP, Canada falls slightly below the OECD average with only Germany and Japan investing less than Canada. The impact of federalism on educational spending as a percentage of GDP is therefore inconsistent. It therefore appears that Canada spends less than other OECD countries for reasons beyond institutional decentralization. These findings call into question the general consensus that federalism and specifically institutional fragmentation leads to underinvestment in social programs. Institutional decentralization, on its own, cannot be implicated as the key explanatory factor (Braun 2003).

Turning to the alternative measure of investments, as a national average, at 16.3, Canada's student–teacher ratio falls slightly below the OECD average of 16.9 (Statistics Canada 2003, 310; OECD 2005, 371). Canadian class sizes are therefore comparable to international averages. Based on the assumption that class size can be used as a proxy for generosity, in contrast to my expectations, Canada is slightly more generous than other countries in the OECD community.

Are there significant internal variations in educational investments? According to the data in table 2, provinces invest at comparable levels, both in terms of per pupil spending and as a percentage of GDP. In 2001, for example, per pupil spending ranged from a high in Manitoba at \$8,432 to a low in Prince Edward Island at \$6,239 (Statistics Canada 2003). As a percentage of GDP, the variation among the

Table 1 Annual expenditures on educational institutions, per student for all services, selected countries and as a percentage of GDP (2003)

	Pre-primary (1)	Primary (2)	Secondary (3)	P/S and post-secondary non-tertiary education—as GDP (4)
Australia	M	5,226	7,408	4.11
Austria	6,064	6,978	8,740	3.83
Belgium	4,488	5,949	7,419	4.10
Canada ^{a,b}	$x(3)^c$	$x(3)^c$	6,317	3.55
Finland	3,582	4,684	6,516	3.98
France	4,615	4,805	8,419	4.21
Germany	4,838	4,599	7,133	3.54
Italy	5,743	6,916	7,453	3.65
Japan	3,316	5,590	6,411	2.97
New Zealand	4,147	4,614	5,458	4.92
UK	7,112	5,818	7,249	4.58
United States	7,755	8,305	9,590	4.20
Average	5,166 ^d	5,713 ^d	7,343 ^d	3.90 ^e

^aPublic institutions only. ^bYear of reference, 2002. ^cCanada releases per-pupil spending as an average across all levels, rather than breaking it down according to pre-primary, primary, and secondary. ^dAverage from only selected countries, author's calculation. ^eOECD average is for all countries, not just those selected.

Source: OECD, *Education at a Glance*, 2006. Table X2.4 p. 433, Table B6.1, p. 252. M = missing value.

provinces is statistically insignificant (table 2). Finally, student–teacher ratios are also relatively aligned, with limited disparities appearing across the provinces (table 2).

The extent of sub-national consistency in educational investments can be better appreciated by looking at the sub-national similarities in per pupil spending in other polities. Data from England, Germany, and the United States provide a rough comparative touchstone to ascertain whether the internal variations in Canada are high (table 3). Relative to these other cases, the internal standard deviation as a percentage of the mean across the provinces is only slightly higher than regional variations in England, below that of Germany, and significantly less than the United States. Zeroing in on the United States, in 2005, state per pupil spending ranged from a high in New Hampshire at \$13,740 to a low in Utah at \$5,574 (US Census Bureau 2008). What do these figures tell us? Despite the institutional decentralization from the national to the sub-national level, the internal

Table 2 Canadian and provincial investments in education, 1999–2000^a

	Pre-elementary, elementary, secondary ^b	Expenditures as a percentage of GDP	Student–teacher Ratio
Canada	7,758	6.6	16.3
Newfoundland	6,503	8.5	14.1
Prince Edward Island	6,239	8.2	16.8
Nova Scotia	7,072	8.3	15.9
New Brunswick	7,239	8.3	16.7
Quebec	7,333	7.4	15.0
Ontario	8,130	6.0	16.3
Manitoba	8,432	8.3	14.7
Saskatchewan	7,293	7.8	16.9
Alberta	7,401	5.4	16.9
British Columbia	7,905	6.9	16.9
Standard Deviation	677.77	1.08	1.0

^aIn 2001 constant dollars. ^bPublic and private expenditures on education per student (based on full-time equivalents).

Sources: Statistics Canada, Report of the Pan-Canadian Education Indicators Program, 2003. Table B1.4, Table B1.6, Table C3.1.

discrepancies in educational spending is no greater than in other cases, and in fact less than in Germany and the United States.

To summarize, Canadian provinces spend less per pupil and less as a percentage of GDP than other OECD countries, but student–teacher ratios are on par with international averages. When looking within Canada, the provinces match each other's educational investments. Canadian variation is on par with unitary England and is considerably less than its federal counterparts, Germany and the United States, even though these are considered to be more centralized federations than Canada (Watts 1999a; Erk 2003b; Manna 2006). It therefore seems that the absence of national educational standards has not undermined the Canadian provinces' abilities to achieve interprovincial investment similarity.

Achievements in Education

To assess educational achievements, I start with results from the three rounds of the Programme for International Student Assessment (PISA).⁵ These tests, however, are not without controversy as some scholars contest their ability to accurately gauge the knowledge of students from different countries (Prais 2003). I therefore

Table 3 Sub-national variations in per-pupil spending, selected countries, standard deviation as a percentage of the mean

	England	Canada	Germany	United States
Standard deviation as a percentage of the mean	8.55	8.85	11.77	22.99

Note: All figures were taken in domestic monetary values as reported by the individual cases. Because the spending is measured in national currency, the standard deviations are not comparable without some kind of standardization. The easiest way to standardize is to take the standard deviation as a percentage of the mean. In other words, the standard deviation of per pupil spending across regions in each case is standardized to a 0–100 scale, and is then comparable. Calculations were done by the author.

Sources: Department for Children, Schools and Families, ‘Funding per pupil aged 3–19 REAL TERMS’ 2005/06 [On-line publication] Available at: http://www.dcsf.gov.uk/inyourarea/statics/nat_064_8.shtml (accessed February 20, 2009); Statistics Canada, Report of the Pan-Canadian Education Indicators Program, 2003. Table B1.4; Statistisches Bundesmat, *Bildungsausgaben: Ausgaben je Schüler/-in 2006*. [Online publication] Available at: <http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Publikationen/Fachveroeffentlichungen/BildungForschungKultur/Content75/AusgabenSchueler,property=file.pdf> (accessed February 20, 2009); US Census Bureau, *The 2008 Statistical Abstract: The National Data Book*. Available from: http://www.census.gov/compendia/statab/cats/education/elementary_and_secondary_education_staff_and_finances.html (accessed May 12, 2008).

also review and compare high school and tertiary completion rates. This measure assumes that countries with higher completion rates have stronger educational attainments overall.

Canadian students are consistently near the top of the scale across the three rounds of the PISA tests (Statistics Canada 2000, 2003, 2006). Most recently, only two countries—Finland and Hong Kong—received higher scores than Canada. Secondary school completion rates are also comparably high in Canada, with Canada ranked fourth among OECD countries (OECD 2007). And at the tertiary level, in 2004, Canada was ranked first among OECD countries, with forty-five percent of the population aged twenty-five to sixty-four holding some form of post-secondary degree, compared with the OECD average of twenty-five percent (OECD 2007). At the national level, Canadian educational outcomes are therefore quite high.

Looking within the country, sub-national disparities appear in high school completion rates (table 4). At sixty-six percent, Alberta’s graduation rate is markedly lower than the national average of seventy-eight percent. Students in Atlantic Canada (with the exception of Nova Scotia) and Québec generally complete high school at a higher rate than the national average. What accounts for this discrepancy? Research confirms that when an economy is booming (as it has

Table 4 High school graduation rates and Programme for International Student Assessment results, by province, 2000–2006

	Graduation rates (2000)	PISA 2000 (ranking) ^a	PISA 2003 (ranking) ^a	PISA 2006 (ranking) ^a
Canada	78	534 (2)	532 (7)	534 (3)
Newfoundland	82	517 (8)	517 (13)	526 (9)
Prince Edward Island	84	517 (8)	500 (21)	509 (20)
Nova Scotia	77	521 (8)	515 (14)	520 (12)
New Brunswick	86	501 (15)	512 (16)	506 (22)
Québec	85	536 (2)	537 (5)	531 (7)
Ontario	78	533 (3)	530 (8)	537 (3)
Manitoba	77	529 (3)	528 (9)	523 (10)
Saskatchewan	79	529 (3)	516 (13)	517 (14)
Alberta	66	550 (1)	549 (2)	550 (2)
British Columbia	75	538 (2)	538 (4)	539 (3)
Standard Deviation	5.9	13.7	14.7	13.8

^aRanking is according to position on the international level, not within Canada.

Sources: *Measuring Up: The performance of Canada's youth in reading, mathematics and science*. OECD PISA Study – First Results for Canadians aged 15, Complete Reports, 2000, 2003, 2006. (Online publication) Available at: <http://www.pisa.gc.ca/pisa-2006-eng.shtml> (accessed April 3, 2009).

been in Alberta), students tend to prematurely end their studies to enter the workforce; when an economy is depressed (as in Atlantic Canada), students delay entering the workforce (Rees and Naci Mocan 1997). Provincial graduation rates thus replicate these well-documented patterns and do not necessarily reflect the quality of education.

Differences in assessment results appear among the provinces in the PISA scores (table 4). In all three rounds of the assessment, Alberta consistently received the highest results while New Brunswick and Prince Edward Island tended to lag behind. Despite the variations, however, all the provinces exceeded the OECD average of 500 points, suggesting positive achievements across the ten jurisdictions.

Contrasting the PISA results from other countries that release sub-national data reveals the degree of internal parity in the Canadian sub-national scores. Canada's internal variation is greater than in the United Kingdom, slightly above Spain, similar to Germany, lower than Belgium and Australia, and significantly lower than Italy (table 5). Moreover, unlike Canada, many of these countries have regions that fall below the OECD's average score. Two regions in Germany, three regions in Spain, and seven regions in Italy received scores below 500. Finally, while the internal variation of the United Kingdom is relatively minimal, its overall score is

Table 5 Subnational variation in the results of Programme for International Student Assessment 2006, selected countries

Country	National Score	Overall Rank	Standard deviation
Australia	527	5	19.7
Belgium	510	13	16.5
Canada	534	2	13.7
Germany	516	8	13.8
Italy	475	26	35.3
Spain	488	23	11.7
UK	515	9	7.9

Sources: *Exploring Scientific Literacy: How Australia Measures Up* Sue Thomson and Lisa De Bortoli 2008. ACER Press Camberwell Victoria, 69-70. (Online publication) Available at: http://www.acer.edu.au/documents/PISA2006_Report.pdf (accessed April 3, 2009); Organisation for Economic Cooperation and Development. *PISA 2006: Science Competencies for Tomorrow's World* (Online publication) Available at: http://www.oecd.org/document/2/0,3343,en_32252351_32236191_39718850_1_1_1_1,00.html (Accessed on April 3rd 2009); Statistics Canada, *Measuring Up: The performance of Canada's youth in reading, mathematics and science*. OECD PISA Study – First Results for Canadians aged 15, Complete Reports, 2006. (Online publication) Available at: <http://www.pisa.gc.ca/pdf/81-590-E.pdf> (accessed April 3, 2009); *PISA 2006 in Deutschland* (Online publication) Available at: http://pisa.ipn.uni-kiel.de/Zusfsg_PISA2006_national.pdf (accessed April 3, 2009).

below that of Canada. These findings demonstrate that Canada's internal variations are no greater than and are in fact less than the internal variations recorded in other countries that maintain a national policy framework in education.

Finally, the OECD has developed a measure of internal educational equality and ranks countries according to the impact that locational variables have on educational outcomes, referred to as “between-school variation.” According to this system, between-school variance in Canada is around one-tenth the OECD average. This signifies that students' performance is largely unrelated to the location of the schools in which they are enrolled. To quote from the 2006 PISA (2007) report: “Parents in [Canada] can be less concerned about school choice in order to enhance their children's performance, and can be confident of high and consistent performance standards across schools in the entire education system” (77).

To review, at the national level, Canada records high marks on international assessments and in completion rates relative to other OECD countries. Looking within Canada, some variations in provincial achievements appear. However, when Canada is compared with other countries, the internal differences across the provinces are no greater and are in fact less than some other cases.

Finally, according to OECD data, the between-school variation among Canadian schools is minimal, meaning that school location is not a significant determinant of educational outcomes. Taken together, the results indicate that national standards are not a necessary condition for the realization of sub-national similarity in policy achievements.

Seeking an Explanation

Decentralization and institutional fragmentation have neither compromised Canada's overall performance nor undermined the achievement of sub-national similarity in educational investments and achievements. What factors have allowed the provinces to defy the odds and fashion a *de facto* national system of education in the absence of national standards? There is no single element that can be implicated here. To develop an explanation, I turn to three contextual factors: societal pressures, fiscal federalism, and the configuration of the policy sector.

Societal Pressures

According to Brooks and Manza (2007), a "defining feature of democratic polities is the likelihood of some degree of public influence over the shape and direction of policymaking" (7). Citizens tend to have common expectations when it comes to the shape and scope of government programs, regardless of their place of residence (Simeon and Blake 1980; Banting 2006; Bernard and Saint-Arnaud 2004). The result is that citizens exert comparable demands on their regional governments. Public preferences thus act as an incentive for sub-national governments to consider the choices of other regional governments, increasing the potential for sub-national policy similarity in settings and performance without the engagement of the national government.

Students of policy communities also implicate stakeholders as crucial stimulants of policy choices (Coleman and Skogstad 1990). Particular groups of stakeholders tend to maintain relatively homogenous interests by virtue of the fact that they experience similar effects from decisions made in the policy area. Teachers, for example, have similar interests in salaries, benefits, and professional working conditions, regardless of their place of residence. Furthermore, stakeholders also form associations that transcend boundaries and carry ideas on policy activities across the jurisdictions. The result is that stakeholders simultaneously enhance the exchange of policy ideas among the regional governments while exerting pressures for comparable policies from the authoritative actors in each jurisdiction.

For many students of federalism, these assertions are counter-intuitive. Federalism is justified as a means to permit regional governments to tailor policies to local needs and interests, thus preserving sub-national policy diversity (Livingston 1956; Erk 2003b; Béland and Lecours 2005). However, as

Banting (2006) suggests, “regional political autonomy is driven less by different policy preferences than by the politics of ethno-linguistic diversity and distinctive conceptions of political community and identity” (61). Just because federal publics may desire the preservation of sub-national policy autonomy to reflect internal ethno-linguistic heterogeneity, it neither means that their substantive policy preferences will vary greatly nor that regional differences in investments or achievements will be the norm (see also Bernard and Saint-Arnaud 2004; Simeon and Blake 1980).

This pattern is clearly seen in the case of Canadian education. Citizens from coast to coast consistently expect high-quality education programming. A recent study of public opinion conducted by the Canadian Education Association (2007) demonstrated that Canadians have “remarkably similar views across the country, especially in the areas of teaching, learning, and overall satisfaction with teachers and the school system” (7). With the notable exception of Québécois, provincial residents often support the idea of federal intervention in the field.⁶ One Director-General of the CMEC put it this way: “When I say I work for the CMEC, people get confused and ask ‘Don’t we have a federal minister for that?’ Which is why when we do polls on jurisdictional issues, Canadians couldn’t care less. All they want is quality education” (Personal Interview, December 20, 2007). This all pressures the sub-national governments to provide programs that are of a comparably high quality to ensure that they resist any potential incursions from the federal government.

This analysis helps us begin to understand how degrees of sub-national similarity can be achieved despite institutional fragmentation. Societal pressures, however, do not allow us to account for the observed differences in the extent of sub-national similarity in investments that emerged between Canada and some of the other cases presented here. Moreover, public preferences also do not help us account for differences in the achievements recorded by the cases. Resting only on societal factors implies that Canadian citizens are somehow less willing to accept discrepancies in education policies than citizens from other regions in other countries. Given that this is highly unlikely, I turn to a second contextual factor: fiscal federalism.

Fiscal Federalism

Federalism is viewed as a means to enhance policy responsiveness by allocating powers to sub-national governments that are closer to the people. However, responsiveness is only possible if the sub-national governments have the financial capacity to use the powers at their disposal (Simeon and Murray 2001). But fiscal resources are never equally distributed within a state. Therefore, many researchers emphasize the critical importance of the central state as an agent of economic

redistribution to ensure that sub-national jurisdictions have comparable fiscal capacities to act in areas of their jurisdiction (Peterson 1995; Peterson and Rom 1990; Théret 1999).

To correct imbalances among sub-national jurisdictions, national governments develop schemes of financial transfers that vary from country to country (Watts 1999a; Watts 2003; Braun 2003). Variations in these arrangements may in turn affect the extent of internal discrepancies that appear within federations. Differences between the arrangements for fiscal federalism in the United States and Canada are instructive (Théret 1999). The United States relies on a model of conditional grants where most federal transfers have strings attached (Watts 1999b). Washington therefore earmarks its funds for specific programs, directly influencing how states allocate the monies. Changes in the arrangements between the national and state governments have led scholars such as Conlan (2008, 27) to describe components of American federalism as being in an era of coercive or “cooptive” relations, where the national government exerts a greater role in a number of policy areas, including education.

In Canada, the federal government has developed a transfer system that scholars regard at most as semi-conditional, or more commonly as unconditional (Watts 1999b). Observers have noted a general decline in national standards cutting across numerous policy areas that dates back through the 1980s (Brown 2002). Canadian provinces also retain greater independent taxation powers than their U.S. sub-national counterparts, which further enhances their autonomy from the central government. Finally, since the late 1950s, Ottawa has maintained a broad equalization program to adjust for the different revenue raising capacities of the provinces in an effort to level the playing field.⁷

American fiscal federalism is therefore relatively centralized, with stronger levers afforded to Washington to develop national policy prescriptions and limit the autonomy of state governments. Canadian fiscal federalism, alternatively, is relatively decentralized in nature, providing extensive independence to the provincial governments. Why have these differences in fiscal federalism contributed to sub-national similarity in Canadian education while permitting divergence in educational investments in the United States?

With its less restrictive conditionality, Canadian fiscal federalism increases the capacity of the provincial governments to spend on programs and initiatives of their choosing. Equalization further helps ameliorate fiscal disparities among the sub-national governments and ensures that they are able to provide comparable programs and services regardless of variations in economic strength. Since equalization is entirely unconditional, moreover, it allows receiving jurisdictions to allocate the funds where they are deemed necessary. Under the US model, extensive conditionality obligates the states to spend in areas dictated by the national government. Since they cannot cut funds from federally sponsored programs, when

faced with economic downturns state governments are forced to trim from areas where the federal government does not spend. The result is, as argued by Rom (2006), an exacerbation of divergent educational spending patterns among the American states while the Canadian provinces are able to maintain their investments in education at comparable levels.

Zeroing in on fiscal federalism thus provides a powerful means to account for variations in sub-national educational investments that appeared, particularly between Canada and the United States. While fiscal arrangements help us understand why investments may vary within federations, they nevertheless cannot explain variations in educational achievements. Results from the Canadian case suggest that a direct link between high investments and high performance cannot be made, particularly since Canada records high achievements with less spending. To understand why outcomes may vary, we need to consider a third contextual variable—the configuration of the sector itself.

The Configuration of the Policy Sector

I have demonstrated that the division of powers and fragmentation of a policy sector does not necessarily translate into entrenched discrepancies among the sub-national governments. This does not mean, however, that institutions are irrelevant. While one aspect of institutional design has not mattered in the way I anticipated, it does not mean that the norms and rules of the game are not an important factor to help explain the puzzling outcomes (Hall and Taylor 1996). Insights from institutionalism can be applied in two ways. First, we can examine components of the policy sector itself. Second, we can examine how the rules of the game shape the behavior of actors engaged in intergovernmental relations (Hall and Taylor 1996; Campbell 2004). Put together, I suggest that the configuration of the education sector influences its performance and lays the foundation for intergovernmental relations that are a crucial mechanism in federal countries for developing social policy systems.

The norms and practices embedded in public schooling have implications for educational performance. There is a clear international commitment to universal education at the elementary level that has generated an international convergence in the extent of educational achievements to the end of childhood (Meyer, Ramirez, Subinso and Boli-Bennett 1977). This consensus, however, breaks down as we advance through the teenaged years. While all countries are committed to providing some form of secondary instruction for their citizens, the organization of these programs varies, with significant implications for students' achievements (Centre for Educational Research and Innovation 2005).

Some systems are stratified with students slotted at an early age into general, vocational, and academic streams that prepare students for particular career

pathways. Once a student has been allocated to a stream, transferring between streams can be extremely complicated if not virtually impossible. Other education systems operate according to different principles. Rather than emphasizing subject specialization, an alternative model delays streaming for as long as possible and leaves escape hatches in place for students who may wish to change their options. Known as comprehensive or multilateral schooling, this system privileges inclusiveness and flexibility over subject specialization and targeted labor market training (Manzer 1994). How do these differences in the models of education help us to understand why Canada's performance is relatively high?

Many continental European systems personify the former model of schooling. Highly stratified and elitist, students are streamed at an early age with little opportunity to change pathways. Recent reports have implicated the structure of education as a key factor that explains the persistent between-school variations in educational achievements uncovered in the PISA test results (Lehmann 2000; Wöessmann 2002). In contrast to the stratified system, Canadian education embodies the principles of comprehensive schooling. Across all the provinces, public schooling is underpinned by a commitment to extend students flexibility and afford them considerable time to determine where their strengths lie before setting them down a particular path (Manzer 1994). Often critiqued in popular presses for watering down the quality of education and reducing the preparedness of students for the workforce (Nikiforuk 1993), comprehensive schooling nevertheless allows students the opportunity to reconsider their options. This may subsequently increase their chances of graduating, translating into strong performance for the Canadian education system as a whole.

Continuing to focus on internal characteristics of the sector itself, the allocation of authority among the different policy players may also influence the degree of policy similarity. Although the Canadian institutional arrangement for education is relatively decentralized from the national to the sub-national level, within each province, the administration of education is highly centralized with limited autonomy afforded to local actors (Wallner 2008, 173). This arrangement can be neatly contrasted with the United States where local schools boards exercise greater autonomy from state leaders (Berkman and Plutzer 2005). Consequently, when a provincial-level official wishes to pursue a particular policy action, they can do so relatively unimpeded by local policy actors. The restriction of local authority within each provincial education sector may thus increase the potential for policy similarity across the sub-national jurisdictions as provincial-level officials exercise greater autonomy from the local level.⁸

Moving to the intergovernmental arena, we can also consider how the configuration of the policy sector may affect relations among the constituent governments. Admittedly impossible to conclusively prove here, it is feasible to speculate that the *absence* of coercive authority in Canadian education may have

facilitated intergovernmental cooperation and information-sharing. Acrimonious relations and turf guarding by both orders of government often characterize federal-provincial relations in areas such as health and the environment (Maioni 2002; Tuohy 2002). Unencumbered by the threat of incursions from the federal government, the provinces may be freer to interact with one another. To be sure, larger provinces could try to overwhelm the interests of the smaller provinces and attempt to compel certain activities; but the CMEC preserves the axiom of provincial autonomy through the principles of voluntary participation and consensus decision-making. Workable relations among the sub-national governments may in turn facilitate the realization of inter-provincial similarity in educational investments and achievements.

Conclusion

Conventional wisdom asserts that national standards are the crucial instrument to reconcile the tension between federalism and the welfare state. The necessity of national standards, however, was rarely tested and often presumed. In this article, I demonstrated that direct federal involvement is not a necessary condition for the achievement of sub-national similarity in a policy sector. The Canadian provinces have managed to fashion a *de facto* national system of elementary and secondary education without Ottawa's intervention. Societal pressures, fiscal federalism, and the configuration of the policy sector were the contextual factors that explain why the provinces have defied the odds and achieved sub-national similarity in the absence of national intervention.

For some, the apparent marginalization of the national government in the education sector may be disquieting. However, this research does not eliminate the national government from the picture. Indeed, my argument highlights the significance of fiscal federalism as a crucial factor that has enabled similarity in the provincial education systems. I have argued that the relatively unrestricted equalization program operated by the Canadian government is a crucial component that elevates the fiscal capacity of economically weaker provinces to invest in education at levels comparable to those with greater fiscal resources, if the public demands it. The result is that through fiscal federalism the national government plays a vital *indirect* role that enables the realization of a national social policy system.

This finding encourages further consideration of Canada's fiscal federalism in reconciling tensions between federalism and the welfare state. It may well be the case that fiscal arrangements based on principles of unconditionality are more conducive to relieving some of the tensions than other models of fiscal federalism with more restrictive principles. A next step in a research agenda could therefore be a comparative study examining the varying successes of different configurations of

fiscal federalism for mitigating sub-national variations in social policy sectors across countries.

Recognizing that national standards are not a necessary condition for sub-national similarity is particularly important for multinational federations. In any political system, the drive to ratify national standards requires the expenditure of significant political capital, as compromises need to be made among the different levels of government involved in the pertinent field. In multinational federations, these processes are further exacerbated by questions of identity politics. Frequently, attempts to implement overarching standards and practices degenerate into intense debates on national unity that can sidetrack policy actors' attention away from substantive policy issues. However, policy actors do not need to choose between either sub-national autonomy and policy discrepancies or national standards and policy similarity. Rather, the Canadian case demonstrates that sub-national policy autonomy can be both protected and deployed while still enabling the establishment of a successful policy system across the country as a whole.

Here we have seen that the Canadian provinces have developed a highly effective education system. Looking to other policy fields that have national standards, such as health care and income security, important differences emerge among the provinces such that citizens receive differential treatment based on their place of residence. This observation begs the question: Are national standards an *effective* tool for realizing sub-national policy similarity? A subsequent step in this research agenda could be to compare the impact that national standards have on the achievement of sub-national similarities. Do they enable commonalities across the jurisdictions? Moreover, do national standards help elevate the overall quality of the sector, or is there a tendency to set them to the lowest-common denominator? Does their success vary depending on other characteristics of the federation? For example, are national standards more effective in mononational federations? Finally, what is the impact of national standards over time? Does their presence or absence enhance or exacerbate sub-national similarity when we consider changes over historical periods? By introducing additional policy sectors, cases, and time horizons we can better appreciate the differential impact of alternative routes to sub-national policy similarity.

Finally, the fact that the Canadian provinces have all adopted a similar model for secondary schooling raises an interesting set of questions. What led to the pan-Canadian acceptance of composite schooling? Does this convergence signal that the provinces have arrived at a shared set of policy goals? If this is the case, can a shared set of policy goals act as a looser functional equivalent for an imposed policy framework? If yes, how did this policy framework emerge without the engagement of the national government? Did it appear rapidly through a punctuated convergence in a particular period of time, or emerge through a gradual evolution? Is there evidence of similar patterns in other policy areas, or is

education *sui generis*? For example, in securities regulation, Canada is once again unique in the world as each province maintains its own regulator separate from the national government. Has the sector of securities regulation achieved similar results as those that emerged in education? These questions map out a promising research agenda that will reveal the mechanisms and intricacies of policy making in the context of multilevel governance.

Notes

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1. The absence of federal participation in Canada becomes apparent with a contrast to other federations. In 1965, the US federal government enacted the Elementary and Secondary Education Act (ESEA). The legislation committed the federal government to provide financial aid for schools and low-income families. By 1979, the federal government created the Department of Education tasked with administering the ESEA, gathering statistics, and generating policy prescriptions to influence education in the country. Finally, in 2001, the federal government introduced the *No Child Left Behind Act*, which has reinforced and expanded Washington's role in American education. Australia has followed a more centralizing pathway from that of both Canada and the United States. Since early in that country's history, the national government has provided guidance in the development and direction of schooling across the country. The Australian government maintains the Department of Education, Science, and Training, which provides national leadership and works in collaboration with the states and territories and also develops national educational policies that state governments are required to enforce. And, in the early 1990s, the Australian government established a national curriculum that all states must implement.
2. Despite notable advancements made by the OECD and the United Nations, obtaining comparable data in education is a challenge. Gathering consistent data at the regional level is further compromised by the fact that every country adheres to its own methods of data collection and publication. Student-teacher ratios broken down to the regional level, for example, are not published by Australia or the United States. In Australia, state-level spending is only provided as dollar-value expenditures, not according to per pupil allocations or as percentages of Gross State Product. (Ian Bates, National Information and Referral Service Australian Bureau of Statistics, email exchange, Friday May 9 2008).
3. The question of social citizenship and the explanation for its possible absence in the US is one that has been of great interest for numerous scholars. For an excellent analysis see: Fraser, N., and L. Gordon, *Contract versus charity: Why is there no social citizenship in the United States? The citizenship debates*, ed. G. Shafir Minneapolis, Minn.: University of Minnesota Press, 1998, pp. 113–27.

4. Beyond the practical consideration of data availability, these three jurisdictions have features that make them useful touchstones to assess the importance of national standards. All three jurisdictions have a national department dedicated to educational affairs, but the influence of Germany's national department is admittedly the weakest. The United States and Germany are formally federal while England is a constituent unit of the UK that governs its own educational affairs.
5. PISA is an OECD-led project designed to provide international indicators of the skills and knowledge of fifteen-year olds in reading, mathematics, and science. In 2006, fifty-seven countries participated in the PISA science assessment, including all thirty OECD countries. In most countries, the sample ranges from 4,500 to 10,000. In Canada, approximately 22,000 students from 1,000 schools wrote the assessment to ensure that information could be provided at both the national and provincial levels.
6. In the 2000 Canadian Elections Study, the survey asked "Which level of government do you think should have the primary responsibility for health, education and social welfare"—fifty seven and a half of those surveyed indicated that they thought the federal government should have primary responsibility. Moreover, in a Public Opinion Trends Series, researchers surveyed from across the country over time and asked which level of government should have the primary responsibility for education, and significant numbers in each region indicated that they supported some role for the federal government in education.
7. In 1982, equalization was entrenched in Part III Section 36 of the Canadian Constitution thus confirming the federal government's legal obligation to maintain the program: "Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation."
8. The negative implication from this is that the Canadian education system may lack innovative capacity, as the creativity of local school boards is marginalized in the face of provincial-level officials. Additional research will be necessary to determine how centralization and decentralization beneath the sub-national level influences the creative capacities of governments. Furthermore, this observation also illuminates the point that students of federalism, particularly in Canada, tend to measure centralization and decentralization between the national and sub-national level, excluding the local level. It therefore draws our attention to the fact that the local level is another layer of federalist institutions to consider.

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