

NOTES FOR REMARKS TO CHAPTER 88 CONFERENCE
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I have been asked to talk to you briefly about the issues in the broad social policy sphere, including labour market adjustment and employment-related matters.

This area - which I prefer to call the social economy - is like Pandora's box: Once you take the lid off it, there is certainly no lack of questions, concerns, controversy and, of course, a myriad of vested interests that crawl out of the woodwork.

I am certain that we will have absolutely no problem this afternoon stimulating lively debate over the appropriate agenda for future policy development in this critical area.

What I will do in the course of my brief remarks is not to focus on the specifics and details of this or that proposal for a guaranteed annual income, for unemployment insurance reform, for a greater federal role in education and so forth.

Rather, I will focus on three broad areas: First, I will comment on the broader perspective from which we must approach comprehensive social policy reform. Second, I will sketch out the general parameters within which such reform should take place, and set out certain challenges for you to consider in the course of the afternoon. Finally, I will

conclude with a brief observation on why it is at least as important to consider the process of social policy reform and the nature of the political leadership required to translate ideas into reality as it is important to come up with all sorts of bright substantive ideas on how we would like to reorient the Canadian social economy.

I

Turning now to my first point: a comment on the broader perspective from which we must approach comprehensive social policy reform. It is critical to examine our particular vantage point in 1985, and to identify the distinctive features of our generation and how these features affect our vision of Canada's future and the desirable direction for social and economic progress.

All of us here in this room are more or less under the age of 40. We are the so-called "post-war" baby boom generation. But this label "post-war" reveals the tendency for us to define ourselves negatively, in relation to the past, and in relation to what we have not experienced, rather than in relation to the future and what we have experienced. Thus it is frequently said that we are the generation that has not lived through a world war, the generation that has not lived through the Great Depression.

In my view, it is time to define ourselves positively, distinctively, in a forward-looking way. For it is only when we recognize and account for our collective experiences that we will be able to overcome those elements within us that may impede our ability to be bold and imaginative. And we can then maximize our creativity and take advantage of the exciting opportunities to forge ahead and achieve concrete and meaningful social and economic progress.

So, while we may not have lived through a world war or a Great Depression, we instead face and daily experience the effects of two parallel but distinct new challenges: first, the threat of nuclear annihilation; and second, a burgeoning deficit. We did not create either of these burdens, but we must now deal with them, and we must understand how each affects our vision of the future.

I prefer, therefore, to call ourselves the nuclear generation - we are the first generation to grow up in the shadow of Armageddon. And whether or not we are conscious of it, this deeply affects our perception of the fragility of the human race, our acute sense of mortality, and contributes to our difficulty in looking beyond the short term and in setting a long term course for our future progress.

In a similar way, the existence of a high and rising deficit is another challenge which, like the threat of Armageddon, affects our approach to policy development. In many ways, the deficit is the legacy of a prolonged period of halcyon economic growth and rising material expectations. This translated into rapid expenditure increases funded on credit, all in the complacent belief that our natural resource base would continue indefinitely to fuel our economic growth and progress. Now, with a jolt, we realize that not only have we taken insufficient measures to conserve our valuable natural resource heritage, but also, the name of the socio-economic game is now human resource development and how best we can educate and train all Canadians to meet the exigencies of a fast-moving, information society. Moreover we have also allowed our massive national debt to creep up on us without at least ensuring that as we drew on our credit, our expenditures were made prudently and wisely for the long term benefit of all Canadians.

But these two challenges - the threat of Armageddon, and controlling the deficit and our national debt - must not intimidate us. Every new generation has its own challenges. It is up to us to boldly stake our new ground, to analyze the nature of the challenges and to break out of the intellectual paralysis that has temporarily overcome us.

In both areas, therefore, we must not accept as given any of the premises, assumptions, policy frameworks and so forth within which our current leaders in both the public and private sector now operate. For example, eliminating the threat of Armageddon is not simply a matter of plodding along with interminable arms control talks, confidence building measures etc. While important, this approach reflects the short term, day-to-day pedestrian approach of another generation.

Let us challenge the very basis for the so-called nuclear stalemate. Let us ask ourselves why each side has created such an elaborate structure of defensive military alliances and has accumulated massive amounts of lethal weapons all in the name of containing the other's aggressive intentions? Why do both sides insist on linking local disputes whether in Africa, Southeast Asia or Central America with the great power rivalry?

I suggest to you that our leaders are still playing out scenarios for an international system that no longer exists - an international system that did admittedly once produce the likes of Hitler and one in which the international power structure was much simpler and easier to manipulate.

But our world is different - it is multipolar, more diverse, and the emergence of the so-called north-south element has inevitably complicated the simple east-west balance. So while we must of course guard against a modern-day Hitler in the guise of a Colonel Qaddafi, it is no longer justifiable for the west to call the Soviet Union the "evil empire", or for the Soviets to view capitalist states as inevitably hostile and aggressive. It is up to our generation to make the critical break with outdated ideological strictures and make meaningful progress towards the elimination of the threat of nuclear Armageddon.

Similarly, in approaching the challenge of the deficit, we must also break out of the current intellectual paralysis. Controlling the deficit is not simply a question of more and more cutbacks, tax increases and of spurring economic growth and productivity. Such an approach merely breeds cynicism, resentment and indeed selfishness. Sure, expanding the economic pie is critical and we have not focussed on it enough in the past. But we must ask ourselves the much more fundamental question: production and growth for what?

We must not allow production and the pursuit of wealth and power to become an end in itself, and to allow our policies for controlling our debt to be dominated by, for example, the pursuit of a chimerical credit rating in the international financial markets. The ultimate goal of our economic system is the principle of distribution and the creation of a fairer, more equitable society. And our duty is to rise above all special interests including the corporate sector, and to govern responsibly in the public interest within the limits of our fiscal resources.

II

This brings me to the next broad area I wanted to address this afternoon - the general parameters within which to pursue social policy reform. Here it would be most useful to throw out a few challenges for you to consider in the course of your deliberations.

I have identified five challenges. I will first set them out in rather cryptic, abbreviated form, and then elaborate on them slightly.

1. I challenge you to sketch out a long term vision of the fair and equitable society - a vision that synthesizes our social and economic concerns and is based on the social economy concept I have-referred to.
2. The second challenge is closely related to the first. We must come up with a new approach to social justice that is more consistent with the realities of the 1980s and 1990s. And it must be one which recognizes that respect for human dignity and individual self-worth is not fulfilled simply through mechanical transfers of income, but requires an equitable distribution of work opportunities.
3. The third challenge is to come up with new measures of the quality of life - measures that reflect non-economic indicators of our well-being.

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4. The fourth challenge is not to allow ourselves to be mesmerized by economic growth and the idea that if we can just be more efficient and productive, we can simply pull the right fiscal and monetary levers, and grow ourselves out of unemployment and poverty. Economic growth is clearly necessary, but certainly not sufficient for a successful attack on unemployment and poverty.
5. Finally, I challenge you to break out of the tripartite mindset with its overwhelming focus on big government, big business and labour. There is a whole so-called third sector out there - community and volunteer groups, small businesses - which is playing and will play an increasingly pivotal role in our socio-economic development.

Now I will elaborate briefly on these 5 challenges starting with the challenge to sketch out a long-term vision of the fair and equitable society - one that synthesizes our social and economic concerns. Meeting this challenge requires recognizing that a productive and smoothly performing economy is essential to the achievement of greater social justice, and that economic and social progress do go hand in hand. In other words, equity is the very essence of efficient and productive enterprise - equity, as embodied in a strategy of maximizing our investment in our human resources with the aim of ensuring a more equitable and fair distribution of work and earning opportunities, particularly in the growth sectors of the economy.

We must therefore come up with innovative ways to coordinate our attacks on poverty and unemployment, and to ensure that the collective impact of our social policies, both federal and provincial, is such as to facilitate the key goals of human resource development and economic adjustment. If this involves comprehensive reform and, at first glance, an overwhelming overhaul of the present welfare and tax systems, so be it. At least Canadians will know and have confidence in where we are headed, and it is simply a question of identifying those areas for manageable priority reform in the short and medium term.

And let us not get bogged down in sterile definitional debates. A commitment to the goal of a guaranteed annual income, for example, must not be mired in discussions of the nature of the transfer and delivery systems and so forth. Rather, it must reflect a much deeper, moral commitment to ensure that under no circumstances should any Canadian suffer the humiliating experience of lining up for free food and subsisting with inadequate shelter. At the same time, it must always be viewed as the second-best solution - the first-best solution being to ensure that everyone has the opportunity to earn a fair income through fulfilling and satisfying work.

This leads me to the closely related second challenge - that of finding a new approach to social justice. To begin with we must guard against the tendency toward cynicism, selfishness and short sightedness that I spoke of earlier. We must then firmly acknowledge that despite the great advances we have made in terms of social welfare and improving the quality of life, we have in fact done little to reduce income disparities between the affluent and the poor, and have failed miserably to eliminate poverty by whatever measurement.

Now, daily, we are bombarded with reports of increasing numbers of people lined up at food banks. And the evidence of increasing numbers of Canadians with inadequate housing is equally tragic. It seems that somehow, in constructing our huge welfare bureaucracies, and a whole hodge podge of programs, tax exemptions etc., we have lost our sense of direction and become isolated from those we intended to help. And in fact, despite many years of unparalleled economic growth and a vast expansion in the amounts of income transfer payments, we have merely prevented the distribution of income from becoming even more unequal over the last couple of decades.

We have become a society of strangers where money is transferred from the pockets of the affluent to the underprivileged via the impersonal intermediation of the state. As John Kenneth Galbraith recently commented sadly, "the affluent society has lost its sensitivity to the needs of the less privileged, and has allowed the poor to slip into voiceless anonymity."

There can be no doubt that it is time to renew our commitment to greater social justice, to the elimination of poverty and to narrowing the income gap between the affluent and the poor.

It is time to address firmly such sacred cows as the universality of certain transfer payments (a misnomer at the best of times), and to state unequivocally and without hesitation that any system that gives rise to the degree of poverty that we are currently witnessing, and yet continues to distribute money to those not in such straightened circumstances, is indefensible.

Finally, it is time to redefine our concept of social justice. If it means anything, social justice must mean helping those in need and improving their relative prospects and position.

But while striving to improve the relative position of the less privileged, we must always remember that respect for human dignity is not fulfilled simply through mechanical transfers of income to meet basic material needs and to thereby eliminate the need for degrading food banks, or through the provision of basic social services by impersonal welfare bureaucracies. Respect for human dignity involves ensuring to the greatest extent possible that everyone has an opportunity to engage in meaningful and fulfilling work. For the opportunity to work is still the primary means in our society through which individuals flourish and reach their full potential.

Thus, in our pursuit of greater social justice we must focus as much on how to ensure the equitable distribution of work opportunities and how to enhance employability through better, more accessible education and training, as on the traditional mechanisms for income redistribution and new approaches like a guaranteed annual income. In other words, the key to real socio-economic progress is to maximize our investment in human resource development, both quantitatively and qualitatively. And in today's fast-moving, competitive, information-based, electronic society, this takes on a very special meaning.

For example, increased production, resulting from automation and technological change has increased our leisure time. Clearly work cannot be viewed any longer in the 9 to 5 sense. We are looking at much more flexible

part-time work schedules, work sharing, flexible retirement both up and down, multiple career shifts, and so forth. Hence the need to consider a wide range of recommendations aimed at improving the quality of primary and secondary school education, eliminating illiteracy, which is at wholly unacceptable levels in our country, providing for income supplementation during training programs, and creating a Share Plan Agency to encourage employers and employees to look at ways to redefine job descriptions and to restructure their work places to encourage the sharing of work in a productive and efficient manner.

The discussion of new approaches to social justice leads on to the third challenge: the challenge to come up with new measures of the quality of life - measures that reflect non-economic indicators of our well being. And this is where we can be really creative and innovative.

Sterile figures like GNP per capita are no longer appropriate. Somehow we must factor in such things as the value of an improved environment, the value of our ability to pursue varied lifestyles and multiple careers, the value of the promotion of employment equity, the value of remaining Canadian. None of these elements are amenable to standard cost-benefit analysis, and none are reflected in our traditional indices of well being.

But, if we can come to fully appreciate their value, however intangible it may be, this will enable us to more easily accept the need to moderate our expectations in the traditional material sense. And we will realize that we can still enhance our quality of life and vastly improve our future prospects in exciting and dynamic ways.

The fourth challenge is closely related to the third. That is, we must not allow ourselves to be mesmerized by the siren call of economic growth, greater efficiency, productivity and so forth. This is not the sole solution to our social and economic ills. Nor is it the sole key to our social and economic progress.

Clearly, economic growth is critical to enhancing our well being in the sense of expanding the national wealth and increasing the size of the economic pie available for redistribution. But we must never lose sight of the compassionate, human element in the scheme of things.

We should not be satisfied, for example, with the reply of the current finance minister when asked about the Conservative government's view of the food bank phenomenon. In his reply, Michael Wilson merely indicated that "the best thing we could be doing is getting the economy going and creating jobs."

This is an insufficient, inadequate and insensitive answer. It reflects the traditional Keynesian/monetarist assumptions of another generation.

Our generation must strike out along a different path.

With respect to our attack on unemployment, for example, the Macdonald Commission has taken a first step by stressing labour market adjustment and facilitating job changes as more effective instruments, rather than simply trying to fine tune fiscal and monetary policy and to manipulate aggregate demand and supply.

But we must not adopt the clinical, antiseptic approach of the Commission to the so-called natural level of unemployment. We must go much further. We must firmly commit ourselves to full employment. And at the same time we must question closely the whole concept of the wage economy. For example we should examine what is called the share economy and its central concept of work sharing and the linking of payments to employees to profits and performance, rather than to rigid wage rate structures.

This leads me to the fifth and final challenge: the need to break out of the tripartite mindset with its focus on big government, big business and labour.

There are hundreds of thousands of employees and employers out there working in small businesses, in consumer groups, home care programs, in community and volunteer groups. Yet we have not even begun to appreciate the significance of this burgeoning sector to our socio-economic development.

Its significance will become particularly evident as we begin to seriously review the role of government, and to examine how to open up the bureaucratic juggernaut that has been created and how to introduce a more human, responsive element to the interface between governments and the individual. The significance of this sector will also become increasingly apparent as we finally begin to seriously address the problem of corporate concentration in this country, and to examine whether corporate power is currently beyond political control.

Finally and perhaps most importantly, this new focus

may be the key to reviving our sense of community spirit, our sense of social solidarity, and the key to breaking down the society of strangers that has resulted from the evolution to date of our welfare state.

III

Having now set out five challenges to consider in your deliberations over issues of broad social policy reform, I will conclude with a brief observation on the process of reform, and the nature of successful political leadership.

I readily admit that we must of course first establish a long term vision of the type of society towards which we should focus our efforts. And this will necessarily entail coming up with a complex set of bright substantive ideas and proposals like a guaranteed annual income, major tax reform, the integration of our tax and transfer systems and so forth.

By comparison, questions of process do not seem at all glamorous or even interesting. But I submit that they are absolutely critical if we are ever to translate our ideas into practice. Indeed, it appears that the perceived inability on the part of recent governments to translate ideas into practice and to deliver on their promises, is a major source of the profound cynicism with the political process that is all too prevalent today.

Questions of process can involve a number of things: First, they can involve selecting certain areas for realistic, manageable priority reform such as income supplementation for the working poor and tax reform, while allowing us

to retain a sense of long term purpose and direction. Second, questions of process involve identifying and working with individuals and special interest groups who can be expected to resist any changes that affect the status quo.

Finally, and most importantly though, questions of process involve understanding the current government structures and regulatory regimes now in force, finding out who are on the front lines of the welfare state, and then devising ways to better utilize and redirect their efforts within a new more responsive framework. In other words, we have to learn the system in the nitty gritty sense, if we are to change it.

To many, these concerns with the process of reform still appear boring and irrelevant. But many of these same people will also argue even further that, compared to the bygone days of the early 1960's, the entire policy development environment in this area is not promising. Back then we were devising and implementing brand new pension schemes and income security measures. Concerns over deficits, expenditure control and the size of the bureaucracy were virtually nil.

O.K. It is true that all that has changed. We do face limits, restraints. And it might seem to some that all the good ideas, schemes etc. have been thought of. But, as this morning's sessions clearly demonstrated, the potential for new policy directions is bounded only by the limits of our ingenuity and imagination.

It is now up to our generation - the nuclear generation - to recognize the new parameters within which

we must formulate new policies. And we must then resolutely set about to provide the realistic leadership with which to carry through with the implementation of these policies.

No policy, not even the guaranteed annual income - our political pundits notwithstanding - is "dead in the water". If we believe that a particular policy is the right way to go, if we can identify feasible practical steps necessary to achieve it, if we can bring the vested interests who will resist it along with us, then we can implement it.

We must simply be convinced that a guaranteed annual income, or Share Plan Agency, or any other particular policy will help us to advance social and economic justice, create a more compassionate society. If so, we must then have the courage of our convictions and get on with it.

In conclusion, as you engage in your discussions this afternoon, remember to stress the liberal philosophical basis for our ideas and principles. Remember to stress our moral and not merely material stake in greater social justice, in eliminating poverty, narrowing the income gap and improving the relative prospects of poorer Canadians.

In other words, remember to stress the equity side of the equation. And while fiscal responsibility, efficiency and so forth are very valid concerns, we are capable of synthesizing social and economic goals with compassion and humanity, and coming up with bold, innovative ideas to achieve meaningful social and economic progress.

Finally, I thought I would leave you with a particularly penetrating observation of Barbara Tuchman in her recent book March to Folly. It deals with the nature of political leadership and provides some insight not only into the prospects for real reform and progress, but indeed our very survival. She writes:

"A phenomenon noticeable throughout history regardless of place or period is the pursuit by governments of policies contrary to their own interests. Mankind, it seems, makes a poorer performance of government than of any other human activity. In this sphere, wisdom, which may be defined as the exercise of judgement acting on experience, common sense and available information, is less operative and more frustrated than it should be. Why do holders of high office so often act contrary to the way reason points and enlightened self-interest suggests? Why does intelligent mental process seem so often not to function?"

It is my hope that we will keep these observations in mind this afternoon. And I am certain that future historians will observe that our generation, with its creative energies and limitless imagination, was able to reverse the apparent march to folly.