



From Trade-Off to Trade-Up

by

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I would like to thank the Arthur Kroeger College of Public Affairs for inviting me to participate in this forum. I am honoured to share this panel with such distinguished colleagues. But I must tell you that since I received the letter of invitation, I have not slept a wink. Every night, I would wake up and mull over the question that we have been asked to address. I know that most of you will find this very sad – and you're right.

Yet this question – does our traditional support for group rights inhibit competitiveness – has really troubled me. It took some time to realize the problem. Actually, I have three problems with the question. First, I believe it is based on an incorrect assumption. Second, the question sets up a false dichotomy. Third, the question represents an incomplete hypothesis as to the nature of the challenge. In short, if Canada wants to be truly competitive in future, we need to ask a different question. Let me explain.

i. Incorrect Assumption

The question asks us to discuss whether Canada's protection of the rights of minorities over individual rights has come at the price of our economic competitiveness. The question assumes incorrectly, in my view, that Canada actively protects the rights of minorities and that special treatment has trumped the rights of citizens who are not members of these specially protected groups. But neither the practice nor the evidence appears to support this claim.

Our rights as citizens are set out in the *Charter of Rights and Freedoms* that comprises part of the Canadian Constitution. Canada also has committed itself to the defence of human rights by signing and ratifying a series of international covenants, including the United Nations *Universal Declaration of Human Rights* (1948), the *International Covenant on Economic, Social and Cultural Rights* (1966) and the *International Covenant on Civil and Political Rights* (1966). These three instruments comprise the *International Bill of Rights*; they define and establish basic human rights and fundamental freedoms. These instruments also form the foundation for more than 50 additional United Nations human rights conventions, declarations and principles [Osberg 2001]. Through their signatures, nations accept responsibility to fulfill the obligations set out in these covenants.

Article 25 of the *Universal Declaration of Human Rights*, in particular, gives everyone the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care, and necessary social services. The protections afforded under the *International Covenant on Economic, Social and Cultural Rights* are especially relevant to social well-being. Article 11 recognizes the right of all citizens to a decent standard of living, including adequate food, clothing and housing, and to the continuous improvement of living conditions. Article 12 specifies the right of everyone to enjoyment of the highest attainable standard of physical and mental health.

These articles set clear obligations on governments to ensure that these human rights are met. Unfortunately, the evidence does not indicate that these stated rights have afforded much protection for those considered vulnerable – whether members of a designated group or any other citizen of this country. The poverty statistics and numbers of homeless people lining far too many Canadian streets comprise stark proof of a job not well done. There is something wrong when the realities of the country do not match the ideals to which it has – on paper at least – made a formal commitment.

Poverty is widespread; one child in five lives in poverty and one in six Canadians is poor. While high, these figures actually underestimate the extent of poverty because they exclude Aboriginal people on reserves, residents of the Yukon, Nunavut and Northwest Territories, and people who live in institutions (prisons, hospitals, and homes for the aged). Moreover, most low-income Canadians live far below the poverty line and face a higher risk of a variety of problems and disadvantages, such as dropping out of school, poor educational performance, accidents and illness, inadequate diet, substandard housing, unstable work, and social and economic isolation. So much for Canada's promise of adequate food and clothing for all citizens.

As for the promise of basic housing, the picture never looked more bleak. At least 12 different texts adopted and proclaimed by the United Nations explicitly recognize the right to adequate housing [Osberg 2001]. Yet Canada now has higher rates of homelessness and longer waiting lists for affordable housing than we have seen in years. In 1996, the latest year for which national data are available, 18 percent of Canadian households were considered to be in core housing need, an increase of 47 percent from five years earlier. The numbers are likely to be much higher when the new data are released; there have been many cuts to income and housing programs over the past five years. The protection by rights argument, sadly, has been a weak one in this country.

As for the protection afforded certain groups, the Government of Canada does, in theory at least, pay special attention to their needs. In fact, one might be misled if judging simply by the volume of lip service paid to special groups in Throne Speeches, government reports, Parliamentary Committees, Royal Commissions, national strategies and other programs. But we should judge not by the *rhetoric* but by the *results* – which tell a very different story.

In the case of persons with disabilities, for example, the federal government has talked for more than 20 years, since the International Year of Disabled Persons in 1981, about promoting their equality. Yet the majority still remains on the margins. Their labour force participation rate is half that of the general population [HRDC 2002: 39]. In 1998, only 33 percent of persons with disabilities between the ages of 16 and 64 were employed throughout the entire year, while 71 percent of persons without disabilities had continuous employment. In 1991 (latest available data), 21.9 percent of adults (age 15 years and older) with disabilities were living in poverty, compared to 12.6 percent of adults without disabilities [HRDC 1996].

New immigrants to Canada face high and growing poverty. The percentage of recent immigrants falling below Statistics Canada's low income cut-offs jumped from 23 percent in 1985 to 39 percent in 1997. In 1996, individuals from visible minorities had pre-tax average earnings of \$19,227 compared to \$25,069 for white Canadians [Galabuzi 2001]. The disparities are disquieting, given that 57 percent of working age immigrants at landing in this country held a postsecondary educational degree in 1999 compared to only 42 percent of Canadians [Galabuzi 2001].

Aboriginal Canadians have not fared any better. While they are not counted in Statistics Canada's annual survey of income, other surveys have found that they face disproportionately high rates of poverty. Forty-three percent of Aboriginal Canadians were poor in 1998 [Jenson 2000: 2]. Registered Indians overall have a per capita income less than half of the average of non-Aboriginal Canadians, a life expectancy more than seven years shorter and substantially lower educational attainment [Policy Research Initiative 1999]. And if only Registered Indians were counted, Canada would have ranked 48th, behind Belarus and Venezuela, rather than first, on the 1994 UN Human Development Index.

Clearly, the evidence does not support the assumption that we have adequately or disproportionately protected certain groups. It is therefore difficult to use this question as a springboard for debate when it assumes incorrectly the attainment of certain social achievements that simply have not been the case.

ii. False Dichotomy

Second problem. I was also troubled by this question because I believe it sets up a false dichotomy. It asks us to think about the trade-off between economic competitiveness, on the one hand, and human rights on the other. The question evolves from the conventional 'wisdom' embedded in mainstream economic theory, which holds that there is a fundamental trade-off between equity (the reasonably equal distribution of income and wealth) and efficiency (economic growth) [Jackson 2000].

The conventional wisdom is that societies which care too much about reducing market inequalities will pay a price in terms of lower growth and competitiveness. This theory is reinforced by the common argument that any advanced industrialized country which hopes to keep pace with the United States must buy into its high inequality social model.

But this wisdom fails to recognize that there are countries which show a positive relationship between lower inequality and good economic performance. Two low inequality countries in particular – the Netherlands and Denmark – did very well in per capita growth in the 1990s at 2.1 percent

and 2.3 percent, respectively. In fact, economic growth in these countries was more rapid than in the US or the UK, the two nations with the highest levels of after-tax income inequality [Jackson 2000]. At a minimum, the evidence indicates that it *is* indeed possible to achieve high growth and low unemployment without sacrificing the goal of social equity.

It should be noted that high growth itself is not necessarily a problem. Economic growth can enhance equality by reducing unemployment and poverty and by boosting tax revenues to support social investment. The problems arise when unprecedented growth does not take into account or try to compensate for the associated social and economic disruption. The US may have maintained an unparalleled economic pace in recent years. But scratch below the surface and a host of social problems becomes apparent.

Perhaps most noteworthy about the US are its extreme income disparities. Many Americans are excluded from the average level of prosperity and fare worse than ordinary citizens in other, 'poorer' societies. Canadians, on average, currently have incomes of about 80 percent of the US level but it is only the top layer of US citizens who are significantly better off than Canadians at a comparable point in the distribution of earnings. The income 'privilege' of being American becomes significant for only the top 20 percent [Jackson 2000].

Fortunately, conventional economic theory based on the simple trade-off story is being increasingly challenged. Recent studies have found that lower inequality actually can be growth *enhancing*. These studies cover a broad range of both developed and developing countries from the 1960s through the 1980s, but the empirical evidence for North American and European countries in the 1990s also bears out the conclusion that a fundamental trade-off between growth and equality is not warranted [Jackson 2000].

Yet it is not only growth that suffers from inequality. High inequality can create pressures on social cohesion – a relatively new analytic concept for investigating the capacity of societies to manage the stresses of modern life [Policy Research Initiative 1999: 24]. The worry about social cohesion is a response to growing malaise from persistently high unemployment and widespread social exclusion manifesting themselves in various ways in nations throughout the world [OECD 1997]. Pervasive social pressures and economic stresses may erode the sense of community, trust and equity necessary for a civil and functioning society. And we know from the economic literature that trust is actually an important foundation for economic growth; societies with higher levels of trust perform better economically [Knack and Keefer 1997].

The OECD also acknowledges in a recent report that “competition and structural change are not fundamentally incompatible with societal cohesion. On the contrary, they are a motor of the economic growth and prosperity on which cohesion can thrive. Reciprocally, a strong social fabric provides a secure basis for flexibility and risk-taking which are the lifeblood of vibrant economic activity and wealth creation” [OECD 2000].

Even the World Bank has committed itself to “a world free of poverty” after its research found a negative relationship between income inequality and economic growth. It notes that wide differences in income also contribute to stress, leading to higher illness, mortality and violence among poor populations [World Bank website].

These myriad reports are challenging, at last, the all-too-ready assumption that the protection of human rights comes at the expense of economic competitiveness. In fact, over the past 15 years since the publication of the Report of the World Commission on Environment and Development (commonly known as the Brundtland report), efforts have been made throughout the world to shape decision-making within the framework of sustainable development – an holistic approach to improving the quality of life. It postulates that there are intrinsic links among economic, social and environmental well-being. Changes in one domain will have an impact upon the other two dimensions. From a social perspective in particular, human well-being cannot be sustained without a healthy environment and is equally unlikely in the absence of a vibrant economy [World Commission 1987].

iii. Incomplete Hypothesis

The false dichotomy issue ties into my third problem with this question: It appears to be based on an incomplete hypothesis. It assumes that Canada’s apparently poor record on competitiveness is the result of our concern with social needs – and, more specifically, the protection of the rights of certain vulnerable groups.

My question of this question is why we automatically finger social spending as the prime culprit. In fact, Canada’s government spending is well in line with other OECD countries, and deficit-inspired cuts in the 1990s stopped the upward growth of social spending as a percentage of GDP. In 1998, government spending as a percentage of GDP ranked as follows: US at 30.5 percent, UK at 40.1 percent, Canada at 42.6 percent, the Netherlands at 47.3 percent, Germany at 47.3 percent, Denmark at 55.5 percent and Sweden at 56.6 percent [OECD 1999, Annex Table 28]. Canada’s government spending as a percentage of GDP was down from 46.7 percent in 1990 [OECD 1999, Annex Table 28].

Perhaps we should look at some of the other possible factors that appear to be equally, if not more, important contributors to economic productivity – or lack thereof. A closer examination of our business practices finds that Canada seriously under-invests in areas that are essential for success and competitiveness in the new economy. In its most recent report of our progress and performance, the Conference Board points out that “Canada’s record when it comes to training on the job is not stellar” [Conference Board 2001: 12]. Canadian organizations consistently report lower

per capita spending on training than do those in the United States, Asia or Europe. In 1995, 34 percent of workers received employer-sponsored, job-related training in Canada, compared with 55 percent in the United Kingdom and 44 percent in the United States [HRDC 2002: 40].

Canadian employers report in numerous surveys that it is increasingly difficult to find employees with the right skills mix. In a global trading environment characterized by a growing homogenization of technology and a lowering of trade barriers, Canada's future competitive success will depend on the presence of a labour force with the appropriate skills. Even our investment in education – so crucial to success in the knowledge economy – has suffered relative to spending on health care. In the past three years, health care captured 59 percent of increased spending while education received just 22 percent [Conference Board 2001: 89]. Total public spending on education per student aged 5 to 24 declined gradually in real terms from \$9,000 in 1992 to \$8,400 in 2000 [Conference Board 2001: 12].

The Conference Board also notes that Canada is a poor performer on all indicators which relate to innovation, including research and development spending as a percentage of GDP, number of external patent applications and number of researchers per 1,000 people in the labour force. We rank at the bottom among G-7 countries in terms of research and development (R and D) spending, and have the fewest number of researchers engaged actively in research and development than any comparator country. Canada would have to increase R and D spending by about \$6 billion or about 50 percent of current spending just to be at the average level of OECD countries [Conference Board 2001: 5]. Our businesses currently spend about \$4,232 on machinery and equipment capital per employee compared to the \$8,081 spent by the US [Conference Board 2001: 38]. And some would argue that the prime culprit is Canada's low dollar – which has made our exports cheap and effectively has displaced our need to be innovative.

But, despite this bad news, it is possible that the competitiveness 'problem' actually is being exaggerated. The story on Canada's economic performance, as reported in several recent international surveys, is surprisingly positive. The Global Competitiveness Report released in October 2001 by the World Economic Forum, for example, placed Canada third in a major international ranking of competitiveness [Freeman and Stinson 2001: B3]. Survey results released in January of this year by the magazine *Foreign Affairs* placed Canada seventh on its competitiveness list, out-ranking even the US and several European countries. KPMG has just issued a report touting Canada as the number one place in the world to do business [KPMG 2001]. So until there is some consistency in terms of how well or not we are doing on the competitiveness front, I am not prepared simply to assume that our social spending is the prime 'culprit' – or even a problem at all.

The Real Question

Because the question we have been asked to address is weakened by an incorrect assumptions, false dichotomy and incomplete hypothesis, I believe we should be asking a different question – and here's my version. Given that our economic competitiveness is linked intrinsically to social well-being as embodied in our human rights, how can we protect these rights while promoting economic competitiveness?

There are three key means, in my view, to advancing an integrated economic and social agenda: through *practices* that integrate social cohesion and competitiveness, through *decision-making* that integrates cohesion and competitiveness, and through *standards* that integrate cohesion and competitiveness. These actions are taken at the local, national and international levels.

i. Practice that Integrates Cohesion and Competitiveness

One key challenge is to find ways to combine the social and economic agenda at home – in business practice and in local communities. Part of the task is to focus not less – but more – upon those groups whose rights we now say we defend. These are the people who suffer most from economic globalization because their labour is dispensable and easily can be replaced in countries of low-cost production.

I would like to tell you about one model in which local government, the top players in business and social agencies are working together to marry social cohesion with economic competitiveness. By way of background, a number of factors contributed to the development of this initiative.

The Regional Government in Ottawa-Carleton (now the City of Ottawa) was concerned about the findings in a report published by the Ottawa Economic Development Corporation [Huntley 1998]. The report pointed out the high rates of unemployment and underemployment in the Region. It recognized that many groups, including those to which we supposedly pay disproportionate attention through our human rights protections, were being left on the margins, at great cost to the economy and the community.

On another front, the Caledon Institute had been approached to become involved as a research and policy partner in a community-based initiative, called Opportunities 2000, to reduce poverty in Waterloo Region [Hodgson 1998]. To achieve this objective, the project sought to mobilize the entire community. It set up a Leadership Roundtable composed of representatives from business, low-income households, government and social agencies. A number of other communities

heard about this work through a learning consortium Caledon had organized as part of the project. The Chairman of the Regional Municipality of Ottawa-Carleton (now Mayor of Ottawa) approached Caledon to write a labour force development strategy for the Region, modelled on the multisectoral approach employed by Opportunities 2000 [Torjman 1999a].

Based on the recommendations, the Mayor created the Partners for Jobs initiative. It was guided by a Task Force with representatives from business, labour, anti-poverty groups, education, social services, and the federal and provincial governments. Because of their cross-sectoral representation, the Task Force was able to generate new forms of training, apprenticeship and job creation that never before had been tried. The welfare department and business community worked together to develop a form of short-term, highly-g geared-to-market training, known as ‘customized training’ [Torjman 1999b]. Special projects also were undertaken to recognize the skills credentials of immigrants and to provide job supports for persons with disabilities – the groups upon which our question focusses.

Partners for Jobs has been highly successful in its results – nearly 1,300 unemployed workers were trained and found good work in less than two years. Part of the success was due to the fact that the training was so highly market-relevant. Partners for Jobs also helped participants with associated problems related to child care, lack of funds for transition to work and lack of funds for business startup.

At the same time as Partners for Jobs was under way, a major study was being carried out in the region to identify the economic generators that represented the key drivers of the Ottawa economy. The study found seven clusters – five in high tech areas and two in services – that comprised the basis of the local economy. The clusters were identified as the major areas to develop in order for Ottawa to become a world-class player in the global economy.

What has happened is that the two efforts – one focussed on fighting poverty and securing basic needs, and the other concerned with developing the economic base of the region – have merged into a program called TalentWorks. It is being headed by a high-profile multisectoral group chaired by the business community and implemented by the Ottawa Centre for Research and Innovation (OCRI). What began as a small project for training the hard-to-employ has evolved into a comprehensive initiative for addressing skill shortages in the major economic clusters including high tech, life sciences and photonics. This project is considered unique in the world and likely will become a model for human capital development in other cities as its results are documented and shared.

The model seeks to create a world-class talent pool that will make the Ottawa region one of the most competitive in the world while meeting the needs of the unemployed and special groups, such as new Canadians and persons with disabilities. It promotes a highly vibrant and competitive

economy while protecting the needs of those most vulnerable in the current labour market. It is a practical model of social cohesion and economic competitiveness.

But local practice is only one dimension of integrating social cohesion and economic competitiveness. Decision-making at the national level must combine these two crucial elements as well.

ii. Decision-Making that Integrates Cohesion and Competitiveness

Our second challenge is to devise *decision-making processes* that integrate cohesion and competitiveness. Recent policy discussions throughout the world have, in fact, focussed increasingly upon the shift in both theory and practice from government to governance. This shift has been especially dramatic in Europe. It reflects a move away from governing by detailed rules and regulations set out in acts of national parliaments to governance by frame-setting legislation. The more detailed regulation is left to the institutions and actors affected by the legislation [Casey and Gold 2000: 7].

Several factors appear to be driving the widespread interest in governance. While the profound economic and technological changes of recent years may have brought prosperity to some groups and countries, these changes also have created serious hardship. Some groups and regions face widespread unemployment, social dislocation and unprecedented disparities, which, in turn, have led to problems of marginalization and exclusion – the problems with which we try to deal through human rights protections.

Another factor driving the interest in governance arises from widespread dissatisfaction with traditional political processes and declining confidence in formal institutions. There is growing recognition that current government structures are unable to tackle the many complex social, economic and environmental problems they face – their own ‘ingenuity gap’ [Homer Dixon 2000].

The European Union, in particular, has seen the emergence of structured expressions of governance known as ‘social partnership.’ While the term varies across countries, ‘social partnership’ basically refers to cooperation among key players – governments, business and the voluntary sector – in the formulation of economic and social policy. In certain countries and at given times, this cooperation might refer to wage fixing; in other countries and at other times, it might embrace a much wider range of topics from management of the economy to provision for retirement [Casey and Gold 2000: 9].

Since the early 1990s, social pacts have been negotiated among governments and social partners in a number of European Union member states covering not just labour market issues but

also areas like social security contributions and taxation. In some countries, dialogue has a statutory basis; in others, custom and practice determine the relationship.

Over the past decade in Ireland, for example, social partnership has assumed the form of a series of social pacts that cover wages, taxation, social welfare, education and health. Faced with high levels of inflation and unemployment, and a serious deficit, the government took the initiative to involve organizations representing business and labour in the search for solutions. Agreements have been drawn up at three-year intervals under the titles Programme for Economic and Social Progress and Partnership 2000 for Inclusion, Employment and Competitiveness [Casey and Gold 2000: 31].

Agreements on pay and conditions between employers and workers are developed into wider documents of understanding involving a range of interest groups, including the voluntary sector. In the preambles, there is consensus on the need to strengthen economic and social solidarity. There is also discussion of tax cuts in return for wage restraint and for elements of the social welfare system, the promotion of enterprise, jobs and business formation, individual and collective rights, and the reduction of poverty.

In Canada, the Quebec government convened in March 1996 the Conference on the Social and Economic Future of Quebec. There were several innovative practices at this meeting, not the least of which was the involvement of new partners around the table: the women's movement, the voluntary sector, religious groups and community-based coalitions [Ninacs 1998: 1]. Quebec has gone furthest in this country to seek formal ways to achieve the twin goals of social cohesion and economic competitiveness through high-level, multistakeholder decision-making.

iii. Raising the Standards for Cohesion and Competitiveness

Finally, I believe the third challenge we face in integrating social cohesion and economic competitiveness lies in raising the standards by which we do business. At the microeconomic level, this push is coming in the form of the corporate social responsibility movement, which seeks to promote responsible behaviour around employment standards and business practice. There is growing awareness of the power of social investment to influence corporate performance. Investors can choose to support companies that pay attention not only to the financial bottom line but also to their social and environmental records.

To help assess corporate performance, the social investment movement has developed screens to monitor employee relations, community commitment, ethnic and gender diversity, environmental performance, and job training and employee development. Positive screens in the area of

employment policy include good relations with workers, adequate pay and a range of benefits such as pensions, employee assistance, health promotion and supplementary health care plans.

But ethical practice and high moral standards must infuse *macroeconomic* policy as well. We cannot achieve this ideal unless we move to ‘level the economic playing field’ so that the protection of human rights and the promotion of human well-being are not seen as an inordinate cost of doing business. Rather, they should become an essential part of doing business. Countries would be expected to spend a certain amount on social investment (crucial in a knowledge economy) and would require a certain tax base in order to make this investment.

We should seek to achieve standards in which countries would not be allowed to trade unless – *not if but unless* – they invested in the protection of human rights through a range of social programs. Instead of *trading off* competitiveness for cohesion, we should be *trading up* to ensure that both goals are simultaneously achieved.

The so-called race to the bottom in which companies comb the world for cheap labour and low occupational standards [Korten 2001] – around which I acknowledge there is controversy in the literature – would become, instead, a race to the top. Under this scenario, trade agreements would have associated requirements for social investment. No one country or company would be at a disadvantage if it met human rights because that protection would be a *condition*, not a *cost*, of trade.

The European Union (EU) has been struggling to achieve this balance since the signing of the Maastricht Treaty that formalized its creation in 1992. “The Community shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities, to promote throughout the community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member states” [Department of Environment, Transport and the Regions 2001: 15].

The European Union has long recognized that short-term costs to employers and the state would be higher if the population were guaranteed a high level of social security. To eliminate the risk of cut-throat competition in the single economic market and the subsequent erosion of social policy measures, the EU has set out minimum social standards in the form of directives which Member States must translate into national law. These standards are the outcome of lengthy political discussions in which all nations must compromise. Nonetheless, these social laws have introduced substantial improvements to living and working conditions in Europe, and Member States are entitled to raise the bar of protection if they so wish.

One concrete example of the cohesion/competitiveness integration is the Community Charter of the Fundamental Social Rights of Workers, adopted in 1989 by the Member States with the exception of the UK. It sets out fundamental rights that, though not enforceable, serve as guiding principles for policy in the EU Member States.

In 1992, a protocol on social policy was developed which empowers Member States to take legally binding decisions in certain fields such as occupational health and safety, working conditions, consultation of employees, equal employment opportunities and the integration of unemployed workers into the labour market. Since 1993, the Working Time Directive has laid down basic entitlements for most workers in Europe, such as an average maximum working week of 48 hours and at least four weeks' paid holiday.

Of course, social policy is not identical in all countries but there is clear recognition of its importance and, in theory at least, the desirability of common levels of provision. Similar standards help prevent the distortions of competition that arise when firms and nations make different levels of social investment. States with high levels of social protection would otherwise lose jobs and capital because firms prefer to invest in countries in which the costs of labour and social provisions are relatively low.

But while Canada can look to the Europe Union as a model for integrating cohesion and competitiveness, the EU is not our major trading partner. The United States, as our major economic partner with 87 percent of Canada's total exports, is our natural point of comparison [Conference Board 2001: 2]. In fact, the economic integration of Canada with the rest of North America has proceeded at a brisk pace throughout the 1990s. In practice, US dominance means that Canada will be compelled to adopt American standards whenever these affect trade – a pressure that does not bode well for Canadian social policy.

Perhaps the greatest threat to our ability to 'trade up' lies in the Agreement on the Free Trade Area of the Americas (FTAA), currently being negotiated by 34 countries of the Americas. Although it is based on the model of the North American Free Trade Agreement (NAFTA), it goes well beyond NAFTA in its scope and power [Barlow nd]. The FTAA, would introduce into the Western Hemisphere all the disciplines of the proposed services agreement of the World Trade Organization (WTO) – the General Agreement on Trade in Services (GATS) – with the powers of the failed Multilateral Agreement on Investment (MAI).

The new trade agreement potentially could severely hamper governments' ability to deliver or subsidize public services in such areas as health care, home care, child care, education, social assistance and environmental protection services, to name just a few [Barlow nd]. Clearly, there is heated controversy over the potential implications of current trade discussions. But we must seri-

ously question the development of international protocols that could have the effect of interfering with governments' ability to protect and promote human rights and use public vehicles of delivery for so doing. If this is the case, then we will be moving far from the direction that even the economic literature is now advising.

Conclusion

In short, the evidence does not appear to support claims that Canada has afforded too much protection to certain groups at the cost of our competitiveness.

Neither is it a given that investment in human rights must come at the expense of economic competitiveness in the international market. While changes to social policies intended to promote equity are indeed necessary, and while it is not easy to balance the goals of equity and efficiency, it is still possible for modern societies to 'grow together' rather than 'grow apart' [Jackson 2000].

I believe we must continually challenge the trade-off argument which implies the sacrifice of human well-being at the altar of the marketplace. We must find ways to balance the two difficult, but not incompatible, goals of efficiency *and* equity – of competitiveness *and* cohesion. We need to do this through corporate and community practice, decision-making processes and international standards that seek to combine cohesion and competitiveness. I have presented only a few possibilities.

I would like to conclude by saying how pleased I am to see so many students in the audience. My closing words are for you. *You* are the future stewards of our economic and social well-being. *You* are the decision-makers of the future. *You* will be the ones making the important choices for the country. So I ask you – please – to make sure you pose the right questions. Please don't fall into the trap that we must *trade off* economic for social well-being. Please find ways to *trade up* – so that respect for human rights becomes not the bane of, but the basis for, economic competitiveness. Thank you.

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