



Foundations and Future of Social Policy

by
Tom Kent

**An address to Lest We Forget: Why Canada Needs Strong Social Programs
Caledon Institute of Social Policy
10th Anniversary Celebration
Ottawa
November 6, 2002**

Foundations and Future of Social Policy

by
Tom Kent

Tom Kent is one of the chief architects of postwar Canadian social policy. He played a key role in shaping the policies of the Liberal party during its 1957-63 opposition years and, as Policy Secretary to the Prime Minister and a Deputy Minister, was equally active in the implementation of those policies – including medicare – by the Pearson government.

In addition to his other roles in public service, journalism and education, Mr. Kent has written extensively on political, economic and social issues. Now a Visiting Fellow in the School of Policy Studies of Queen's University, he is a Companion of the Order of Canada.

The Caledon Institute of Social Policy occasionally publishes reports and commentaries written by outside experts. The views expressed in this paper are those of the author.

The foundations of social policy are a bone structure for the kind of society in which we wish to live. My short wording for that society is equable and equitable.

By equable I mean a society in which people are secure in their equal rights; in which all can feel that they matter in the society and the society matters to them; in which it is natural to extend to others the tolerance, respect and help that the society accords to you.

By equitable I mean a society in which government serves people according to their needs; a society in which freedom is not only the absence of restraint but opportunity for all to develop and use their talents; a society where public policies both ensure scope for entrepreneurship and offset the privileges, inequalities and insecurities of a corporate-dominated market economy.

We could go on with such generalizations. But the important topic today is the future of social policy.

My comments are in two parts: What to do; How to do it.

The “what to do” is for Canada as a whole, the policies that are equally needed from St. John’s to Victoria and points north. It doesn’t distinguish between federal and provincial responsibilities.

The “how to” does make the distinction. It’s concerned with achieving social goals within the Canadian federation. And it’s concerned with payment. In short, the mechanics of federalism and finance, in the service of social policy.

We start, however, with objectives. And the initial question must therefore be: Which are the social needs that Canadians today feel most strongly? To respond to those needs is the first responsibility of a democratic government. There is, however, a close second. It’s the responsibility to lead. Politics turns mostly on the combats of the day, but it’s about the important as well as the immediate. It requires governments to identify, and act early on, the programs that will serve the country well in the emerging future.

I say, in realism, emerging. We can't be sure, but my hunch is strongly that neo-conservatism has run its course. We are emerging from the recent ice age of social policy. In that spirit, the agenda I suggest is one that might occupy progressive governments for, say, two terms; eight years.

There's no doubt about which item comes first, about what Canadians most want. Medicare has to be refreshed, smartened up, modernized, extended. Caledon has been very generous in publishing my views on that subject. I won't bore you with more, at least pre-Romanow.

The second priority is hardly less clear. Everyone now realizes the importance of investment in human capital, as economists say. And for people, early investment is critical. Advances in neuroscience have made precise what was always vaguely apparent to commonsense. The experiences of childhood, especially in the first five years or so, largely shape the adult personality: mentally, emotionally, socially.

That has three program implications, often neglected.

Modernizing medicare will mean a shift of emphasis from treating sickness to promoting wellness. That begins with high quality prenatal and baby care. It calls for ready access to nutritional supplements. It means that all children should have regular medical, optical and dental check-ups, with follow-up services, prescriptions, treatments. Making medicare truly comprehensive for everyone will take time. We should start where it will do most good, for children and for pre-teen children especially.

In short, Medicare reform first, and within it Mothers and Children first of all.

The label for my next proposal is a substitute for day care, which reflects an outdated view of childhood development. I'd like to replace it by "School at Two."

The public interest isn't in baby-sitting. It's to bring children together – nowadays mostly children with few if any siblings – to bring them together in a learning environment, with adults equipped to begin the processes of education. Making it easier for parents to work is an important side-benefit, but what's most important is to break away from the idea that school naturally begins at five or six. That was the product not of the interests of the child but of social circumstances now changed.

I should say that, of course, I'm not suggesting that classrooms at two will be replicas of the present first grade. And I fully recognize that at earlier ages there will have to be more liberal provision for home schooling by parents who want to provide it and can do so to recognized standards. But that doesn't affect the principle of early school becoming the norm.

The third item in my children's agenda isn't a new program. The federal Child Benefit is the most constructive social policy initiative in many years, and one of the many reasons to be grateful for Caledon's influence. But in amount it still falls well short of ending family poverty. It should be made adequate, urgently.

At the higher end of the educational ladder, post-secondary fees will continue to rise. Unless countervailing action is taken, provincial finance for universities will increasingly be more an enhancement of privilege than an opening of opportunity for all. Present student loans and scholarships don't secure equitable access. The crucial reform, in my view, is to shift to income-contingent repayment of full-cost loans. I suggested some detail in one of my Caledon papers, but missed out an important point. In the spirit of lifetime learning, such loans should not be restricted to young students.

Investing in human capital requires us to look outside Canada. Since 1914 pride in Canada's role in the world has been an important factor in developing a national identity. The neo-conservative era has contracted that role. To restore it requires more than peacekeeping and increased foreign aid. It should mean also an immigration policy that better serves both our own interests and the world's.

The people most victimized by the deprivations and conflicts of poor countries are their homeless children. We should set an example of innovative Canadian havens for some of those children. We would thereby offset our own low fertility with immigrants who, growing up here, would do most to sustain the age balance and the tolerance of a colour-blind society.

Second, we should pay a price for the brains we drain from poorer countries. Inevitably, many of their professionals seek better lives in the rich world. We seek them out. We thereby acquire the return on investing in human resources made by countries that can least afford the waste. In all conscience, we should pay compensation. There should be a fund into which the Citizenship

department pays for each skilled immigrant landed, a multiple – say three times – the full cost of his or her education. The fund would be designed to enhance public education in the countries from which the immigrants come.

I hope there are some converts to that very important new social policy.

Coming home, Unemployment Insurance is next. I stick to that name. The spin-doctoring removal of the “un” doesn’t remove the distortions to which the program has been subjected and which should be sloughed off.

Insurance is the way to protect incomes against fairly short and irregular unemployment. It’s not the way to help seasonal or casual workers, nor to soften long-term unemployment. Least of all are excess payroll taxes a desirable way to bolster overall revenue.

The need is for less UI and a distinct program providing for unemployment that is frequent or prolonged, a varying level of income maintenance in collaboration with training and other employment development services. Ken Battle and Sherri Torjman called this Employment Assistance when they proposed it back in the days of the Axworthy review. My label has been the Employability Program, but the substance is the same. It’s also quite like what was attempted long ago, in the early days of the department regrettably named Manpower. Much of that effort was subsequently dissipated in the combined politics of Ottawa bureaucracy and federal-provincial relations. We should do better now.

Another important reorganization would replace the present chaos of provisions and insurances concerning disability. Sherri Torjman has made, with clarity and force, the case for a comprehensive income security program for people with disabilities.

The next priority, in my opinion, is affordable housing. The need is one most strongly felt in the big cities but not confined to them. An appropriate federal commitment could encourage municipalities and non-profit groups to build a range of modest housing suitable for a variety of tenants, and all financed by charging rents sufficient to cover costs. The federal government would make these rents affordable through partial reimbursement on a sliding scale related to income. The mechanism of refundable tax credits would be appropriate.

That concludes my agenda of priorities for general social policy. It would do much to complete what I called at the beginning the bone structure of an equable and equitable society. Required services and transfers would be geared to special needs. “Welfare” as we have known it would become truly a measure of last resort.

Except... the sharpest hurt in Canadian society remains. The government’s obligations to our citizens of the First Nations are not addressed. Morally, these undischarged obligations rank far ahead of our broader social needs. What should be done? I regret that I can’t claim any entitlement to prescribe. I can only recognize a very large addition to the costs ahead of us.

So we come to the second part – briefer, I promise – of my story: to the how, to finance and federalism.

Finance, first. What government does is limited to what government takes in. I’m not subscribing to the fashionable crudity that the public accounts must always be, on some accounting principle, balanced. We all know that deficits are sometimes necessary to sustain the level of employment that’s a fundamental social need. But the borrowing is only a postponement of payment, and it results in interest charges that cramp what we can do afterwards.

So the tax-cutters have to be faced down. But that doesn’t mean higher rates of present income taxes. It means fundamental tax reform. We now have a tax system at once socially inequitable and economically repressive. Its theoretical progressiveness has been perverted to encourage, not productive enterprise, but the building of corporate empires that restrain competition and, legally, or otherwise, concentrate wealth.

You’ll guess that I’m talking Carter-style a-dollar-is-a-dollar; a hefty corporation tax only on undistributed income; a graduated consumption tax that would not only encourage saving but make it possible to stop winking at tax havens and other evasions.

This isn’t the occasion to propound details of tax reform, but I want to make an earnest plea. Social progress will be slow if you limit your efforts to preparing the programs. You’re needed to join in overcoming the interests that stand between the Canadian people and an honest tax system, a

system that both promotes a stronger economy and yields more revenue for redistributive social programs.

However, adequate financing is worthwhile only for well-designed programs. And in Canada that depends, above all, on the federal-provincial relationship. In that respect, again, the future of social policy depends on new thinking.

Most of the agenda is in provincial jurisdiction, but all of it is needed for all Canadians, nationwide. That doesn't mean uniformity. The diversities of our provinces require acceptance of many asymmetries. But if we are to remain a Canadian society, common principles must be co-operatively implemented. And that will be achieved only if Ottawa can provide leadership free from the unilateralism and confrontation there's been for many years.

The technique that got major programs started was, of course, cost-sharing. At the time there seemed no other way. In the 1950s I did suggest an alternative route to medicare, but it would have been thinking outside the box, and at the time – before it was in operation – medicare was controversial enough by itself. And now joint financing of it is so embedded that the practical question is how we can fix it up.

For medicare, that is. For major programs except medicare, cost-sharing has run its course and seems beyond revival.

The count against it is heavy. It confuses accountability. It distorts priorities. Whatever the initial understanding, it threatens federal interference in provincial administration. It invites confrontations and exchanges of blame. Perhaps above all, it's insecure because, once a program is established, federal politicians get little public credit for the tax revenues they transfer. The bitter experience is that when the provinces are hooked, the feds may back out.

The future of social policy therefore seems to me to depend in part on whether its advocates can now break away from what is still an almost automatic assumption: If you want federal involvement you must propose cost-sharing. That's the way, I fear, to distort federal priorities away from social programs. Politicians are liable to see more bang for their tax buck in infrastructure. They get to cut ribbons, to turn things on. They can continue to point to the buildings, the roads, the bridges, the fountains in the river, and claim gratitude for several terms ahead.

The alternative to cost-sharing is to use the federal spending power in the way for which it's unchallenged, constitutionally and politically; the way in which it's not obscured by the provinces. I mean, of course, to make payments directly to, or on behalf of, individual Canadians. I call it procurement federalism. Ottawa doesn't operate the services. It buys them for people.

Affordable housing, of the kind I've suggested, would be one example. Student loans are another. Training and some other components of the employability program would best be handled by procurement.

The difficult area is "School at Two." That's why I mentioned my earlier speculation, thinking outside the box, for medicare. Fees, on a sliding scale related to income, would be repugnant for public education. But Ottawa could well get things moving by approaching the provinces with an offer to pay, on the children's behalf, identified major items in the costs of early schooling. That would at least start consideration and negotiation of a project that will at first shock some people and will certainly require a good deal of collaborative experimentation.

The case for procurement federalism is not only that it avoids the confusions – of accountability and credit and much else – inherent in cost-sharing. It is the way in which the federal government can most clearly discharge its responsibility for the people of Canada as a whole, providing leadership without either the domination or the insecurity for the provinces that was associated with cost-sharing. Conducted with understanding, it could make a social policy agenda the product of truly co-operative federalism.

The kind of agenda I've suggested here today will, I recognise, be dismissed by many people as pie-in-the-sky, or worse. I'm tempted to repeat the ending of a paper I gave in 1960.

I spoke then of "our will to improve the human condition . . . with equality and with freedom, in a plural society and a mixed economy. If during the 1960s we have no such achievement to our credit, it will not be because things have stood still; it will be because, attempting too little, we have been swept where we would not choose by forces too rough for us, to ends less constructive."

The agenda we worked on then was not less but, in relation to our national resources forty years ago, greatly more ambitious than anything suggested now. Within the decade it was in most

respects achieved, and more. From that experience, I'm hopeful that ten years hence we might look back at the objectives we discuss today as having been not too ambitious but sadly small-minded.