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Canada at 150: The Social Agenda

by

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Thank you for the opportunity to participate in this important national conversation on Canada at 150.

Before I turn to the future, I would like to look back briefly to the past. It's instructive to recall two other landmark years in our history: Canada at 75 and Canada at 100.

At 75, Canada had just introduced the *Unemployment Insurance Act*. While initial coverage was modest, the program was intended as an essential safeguard for workers. It conveyed a powerful message: *Never again*. Never again would Canadians have to experience the financial and social ravages of widespread unemployment.

Canada at 100 was also extraordinary, introducing within a year of Centennial the *Canada Pension Plan*, *Canada Assistance Plan* and *Medical Care Act*, precursor to the *Canada Health Act*. Again, the signal was as important as substance.

These building blocks were based on the conviction that government has a vital role to play in altering the unequal distribution of income, goods and services. The social agenda was not seen as a trade-off with the economic agenda. Social measures help build the foundation for a healthy and productive society.

I hope that these ideals from the past will help shape our ideas for the future.

From a social perspective, we face three main challenges at 150: Canada as productive society, Canada as caring society and Canada as aging society. These formidable challenges are intrinsically linked.

I will also consider the financial challenges of paying for this agenda – to assure those of you who are thinking about nothing but that while I am speaking.

Canada as productive society

Creating a productive society requires a strong learning agenda at all stages of life: early childhood development, high school completion, literacy and numeracy upgrading, access to post-secondary education and training in market-relevant skills.

High school completion rates have been going up on average but need to be improved – especially for aboriginal students. Overall literacy scores could read far better. The OECD recently identified reading proficiency at age 15 as the bellwether indicator for future economic success. Too many low-income students face barriers to advanced education. A fully productive society is not possible when so many are left out of the opportunity equation.

The problem is especially acute for new Canadians who come with knowledge and skills that we fail to recognize. Even 10 years ago, the Conference Board estimated that Canada would

gain an annual \$4 to \$6 billion by eliminating the “learning recognition gap.” There is a significant wage gap as a result.

While education and training are pathways to success, they don’t guarantee freedom from poverty. Close to half of low-income Canadians are employed. One in four workers earns \$10 an hour or less.

As a result, poverty remains high. One child in ten still lives in poverty – despite a 1989 House of Commons resolution to move toward the eradication of child poverty by 2000.

Inequality has widened, with a growing gap between rich and poor. Over the past quarter-century, average incomes of the wealthy increased by 16 percent, while those of the poor dropped by 21 percent. Rising tides in pre-recession Canada did not lift all boats – just yachts.

A productivity agenda requires both springboard and safety net measures. *Springboard* measures relate to all forms of learning. They help create success over the longer term. *Safety net* measures offset the immediate impact of poverty.

The Canada Child Tax Benefit and Working Income Tax Benefit are crucial federal levers to bolster low income and low earnings, respectively. These powerful tools must be sharpened and honed. But for Canadians who are unemployed, the entire machinery needs an overhaul.

Workers who lose jobs through no fault of their own can qualify, in theory, for Employment Insurance. But changes introduced in the 1990s have drastically reduced eligibility. Not even five in ten unemployed now qualify.

Canada requires strong leadership that joins Ottawa with the provinces and territories to build a new income security architecture for working age adults.

Employment Insurance should be strengthened to restore its rightful place as the first line of earnings replacement for the unemployed. A new temporary income program would help jobless Canadians in financial need who don’t qualify for EI, preventing them from falling behind the welfare wall.

Some half-million persons with severe disabilities now rely on welfare, which never was intended as an adequate lifetime guarantee. A better bet would be a new federal program for persons with severe disabilities modelled on the Guaranteed Income Supplement for low-income seniors. Under a negotiated accord, provinces and territories would reinvest their sizeable welfare savings in supports for independent living. The disability tax credit can be made refundable to help low-income persons with severe disabilities.

The challenge lies not so much in finding ways to tackle poverty but in overcoming indifference to the problem. Widespread and persistent poverty is a symptom of a deeper

malaise – a poverty of interest around this concern. This poverty of compassion relates to our second social challenge at 150: Canada as caring society. How do we care? *Do we care?*

Canada as caring society

The need for care is present at all stages of life – starting in the early years. While parents are the primary caregivers, we know from a burgeoning international evidence base that early childhood development and high-quality child care are crucial supports for families.

The OECD recognizes early childhood development as the foundation for a learning and productive society. But among 25 OECD countries surveyed recently, Canada tied an embarrassing last – along with Ireland – for investment in this crucial area.

The sad note is that we *did* have a set of federal-provincial/territorial agreements on early childhood development and child care that had been painstakingly negotiated and signed in 2000 and 2003, respectively. Both had associated arrangements for First Nations children.

In 2006, these agreements were dismantled and replaced by a universal child benefit and a non-refundable child tax credit, together worth \$3.5 billion in 2009. Lots of money for precious few quality spaces. At least Québec has a coherent early learning and child care system. Ontario, Manitoba and other provinces are moving in that direction. Federal leadership could significantly advance this agenda throughout the country.

The demands on many families move beyond child care. The four million family caregivers of ailing parents and relatives with severe disabilities provide more than 80 percent of care in this country. Most are women – and we face unique pressures.

Caregivers often pay for basics for care receivers, many of whom live in poverty. Caregivers typically pay for disability supports not covered by medicare or private insurance. Their employment status may be jeopardized by caregiving responsibilities.

At 150, there should be improved employment and income measures to assist caregivers. Expand Compassionate Care Leave under Employment Insurance. Extend child care drop-out provisions under the Canada Pension Plan to include care for an ailing or disabled relative. Introduce a modest caregiver allowance, like Australia and the UK. We already have a Child Disability Benefit that could be applied to adults with disabilities.

It would be easy to be tempted by “low-hanging fruit” – just increase the caregiver and infirm dependent tax credits already in place. But these provisions offer no assistance to Canadians too poor to pay income tax. Turning them into refundable credits would at least provide some help to the poorest households.

Support for caregivers links clearly to the provision of health care, more generally. Health care costs are the most rapidly rising component of government budgets.

Taming these costs and ensuring quality care will require multiple, linked strategies: Shift funds from institutions to home care – in recognition of family caregivers who are the backbone of Canada’s health care system. Increase the responsibilities of nurse practitioners. Redirect funds toward factors that contribute to good health, like decent affordable housing and poverty reduction – the so-called “social determinants of health.” Prevent chronic disease from creating huge blockages in the nation’s financial arteries.

Canada as aging society

The actions we take to create a productive society and caring society will set the stage for how well we manage the third social challenge: an aging society.

Labour market demands will encourage continued employment for some older Canadians and allow them to save a bit more for the future. We also need to bolster a retirement income security system that is all too frail these days.

Forty-four percent of working Canadians have no private pension or RRSP. Only one in five workers belongs to an employer-sponsored pension plan. Just one-third of households have enough savings to cover basic expenses in retirement.

Insecure defined contribution plans are eclipsing secure defined benefit plans. Shaky equities hardly bode well as future income security for Canada at 150. A financial expert recently provided these words of wisdom for a secure retirement: Make sure you have a child (preferably a daughter) to take care of you in old age.

An aging society must also ensure accessible housing, transportation and public spaces. The World Health Organization sponsors an initiative called Age-Friendly Cities in recognition of these goals.

We can’t afford to sideline more than 25 percent of the population in future. We need seniors as workers, mentors, volunteers and fully participating citizens.

Financing

The social agenda is a big one. Bolster learning throughout life. Tackle poverty through measures such as the Canada Child Tax Benefit and Working Income Tax Benefit. Recognize foreign credentials. Reconfigure the income security and employment architecture for the unemployed and retired. Reinstate the early childhood development and child care agreements.

Ease caregiving pressures through extended leave, enhanced home care and caregiver allowance. Create accessible and inclusive communities.

The list is long and more easily said than done. For some, the words “social agenda” ring alarm bells – or at least cash registers. And we certainly face a tough fiscal future that will last beyond the recession.

But I would argue that it’s not good enough just to say: “Vital social goals should be put on hold because there’s no money.” It is essential to explore not just the destination at 150 but also the route to get there.

There *are* steps we can take by challenging current expenditures. Tax reform is one area that requires review. We spend a fortune on the fortunate.

For example, Ottawa could reconsider boutique tax breaks for the affluent and withdraw outdated tax incentives for certain business sectors. The GST could be raised to recoup the \$12 billion a year in lost revenue from its two-percentage point cut, with an associated increase in the GST credit for lower-income households.

Then there’s the spending already under way – *billions* on after-the-fact interventions. After the crisis, the stroke, the depression, the arrest, the fire. We pay so much attention to putting out the forest fire that we have lost sight of the forest.

A US report estimated that child poverty in that country costs \$500 billion a year – or four percent of GDP – in increased crime, reduced productivity and poor health. A similar study in Britain put its price tag at an annual £25 billion or 2 percent of GDP.

Here at home, the cost of poverty has been pegged at \$10 to \$13 billion per year for the federal and Ontario governments alone. This huge sum clearly would be better spent reducing and preventing poverty than compensating for its devastating effects.

Every dollar spent on prisons, for example, is a dollar not spent on key factors linked to crime, such as severe dyslexia and fetal alcohol syndrome disorder.

The evidence base on health determinants tells us that every dollar spent on poverty reduction and affordable housing is a dollar that leads to better health outcomes.

We need to move from end-of-pipe wastage to upstream investments that help prevent costly problems in the first place. After-the-fact measures will not get us where we want to be at 150. Those working on environmental issues face the very same challenge.

Then there are the markets that we have not yet tapped.

A Business of Aging summit hosted by the MaRS Innovation Centre in Toronto highlighted a market worth \$20 billion by 2020 from products and services to promote a healthy and engaged population in later life. These include technologies related to health diagnostics, transportation and communication. There's apparently lots of gold in all that gray.

Another world of opportunity lies in what is termed the 'social economy' in Québec and community economic development in the rest of Canada. Social enterprises seek to achieve both profit and social purpose. For example, Inner City Renovation – just one of hundreds of local efforts – builds affordable housing in inner-city Winnipeg and employs aboriginal youth.

In Québec alone, *l'économie sociale* generates an annual \$17 billion, or 6 percent of the provincial economy.

Despite its rich heritage in Atlantic Canada and the Prairies, the sector struggles for recognition outside Québec. Social enterprises and voluntary organizations, more generally, are also trapped by antiquated charity laws that make it difficult to operate outside traditional charitable bounds.

One bright light was the federal social economy initiative introduced in 2004 – subsequently withdrawn shortly after. Both the US and UK play actively in this new social and economic space. The US recognizes this economic sphere as a 'new market' and offers a tax credit by that name.

But fiscal challenges go beyond the availability of funds. The *distribution* of funds – once we find them – needs a major overhaul to correct the fiscal imbalance among governments. The deficit burden in future will be borne increasingly by provinces that have primary responsibility for health care and education.

Municipalities are also playing a vital social role. Montréal was first in the country to bring in a Charter of Rights and Responsibilities in recognition of this role, including recreation and culture. Red Deer, Calgary and Edmonton have introduced 10-year homelessness strategies. These efforts are crucial, given that decent affordable housing has become a policy orphan in Canada.

But municipalities lack the revenue capacity to match their growing social role and changing demographics, with new Canadians settling in larger centres and young aboriginals moving to urban areas.

The federal Gas Tax Fund made permanent in Budget 2008, which delivers \$2 billion a year to cities and communities, is a good start. It needs an escalator clause and a plan for long-term responsiveness to municipal challenges.

A final note. We often talk as though government is the only player on the social stage. But the voluntary and private sectors have taken the lead on thousands of remarkable efforts. The

economic and social inclusion strategy to combat poverty, recently adopted in New Brunswick, is a shining example of this essential collaboration.

Vibrant Communities joins together 12 communities in a national learning partnership on local solutions to reduce poverty. The Toronto Region Immigrant Employment Council, led by the Maytree Foundation, Toronto City Summit Alliance and Manulife, to name just one private sector partner, successfully links new Canadians to mentors and jobs.

These are just a few examples of the rich tapestry of local action. Despite differences, they all face a common challenge. There is no supportive machinery to harvest good practice. There is no ready mechanism for scaling success. We need to enable the *application* of social innovation much like the *commercialization* of economic innovation.

The challenges related to a productive society, caring society and aging society are not for government alone.

But there can be no social agenda without government. It's *not* just a service delivery agent. Government is a convener of national conversations, like the ones we are having today. It is a champion of shared values. It should be a leader in both *ideas* – and *ideals*.

I hope that our work together to shape Canada at 150 will rekindle the vision and values that guided our nation so powerfully at 75 and 100.

I hope that our work together will help Canada take its place on the world stage as a nation that cares deeply about the well-being of its citizens.

I hope that our work together is an opportunity to reclaim our humanity.

Thank you.