

Highlights of the Research Findings of, *Building Blocks for Canada's New Social Union*

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Introduction - A Framework for Discussion (Section 1)

The Canada Health and Social Transfer has forced a rethinking of the practices and processes of Canadian federalism and the values and priorities that underlie civil society in Canada. Shared values and common aspirations provide the basis for governments and citizens to build a new social union in Canada. For example,

- Canadians have a strong, abiding sense of collective responsibility and a desire that programs serve to strengthen self reliance;
- Canadians have an enduring belief in the role of government but they want better government and policies and programs that work.

It is the social domain, not the economic union, that is most central to Canadians sense of identity and security.

What is the "Social Union"

The social union is the web of rights and obligations between Canadian citizens and governments that give effect and meaning to our shared sense of social purpose and common citizenship. The social union embodies our sense of collective responsibility (among citizens), our federalism pact (between and across regions) and our governance contract (between citizens and governments). The social union has been most closely identified with the postwar safety net. But the social union is not a particular set of programs at a particular point in time. It is rooted more deeply in a common culture and values, and evolves over time.

The *social union* has important links to the *economic union*; they can be seen as two sides of the same coin. There are strong economic efficiency rationales for interprovincial mobility. Human capital (skills and knowledge) and social capital (social cohesion and resilience) are important determinants of economic development and competitiveness.

Methodology - The objective of the paper is to identify the *key issues* that need to be addressed in discussions over the future of the social union. The *framework* for identifying and analysing

these key issues centres on the three interrelated spheres of intergovernmental relations, democratic engagement and accountability, and social policy renewal. Six *case studies* -- three domestic and three international -- are presented. Evidence and insights of relevance to the future of the social union in Canada are drawn out.

Key Findings - Rethinking the Social Union (Section 2)

Intergovernmental Relations - Old patterns of intergovernmental relations have broken down. They have not been serving citizens, policy development or governments well. As a result the overall workability and cohesion of the federation has suffered. The advent of the Canada Health and Social Transfer has brought these issues to a head and signaled the need for a new governance regime. Rationalization of governments' efforts is important but disentanglement is not a panacea and may be largely illusory. Effective and efficient intergovernmental dialogue and cooperation is essential.

Democratic Engagement and Accountability - Canadians are demanding new levels of inclusion and participation in public policy making. A long term solution to the challenges of governance and public policy must be built on citizens restoring some sense of control and efficacy. It must include processes of genuine and deep public deliberation, more avenues for citizens to participate in decision making, and greater transparency and accountability to citizens for results.

Social Policy Renewal - In an ever changing environment, social policies and programs will continue to evolve and meet the needs of Canadians only if governments and citizens enhance their capacity to learn together. The means for achieving social policy renewal lies in strengthening *policy learning* and *public learning*. Policy learning demands a focus on results and outcomes. Federalism affords Canada a natural laboratory but there must be a means of capturing what works and what doesn't. Public learning requires the knowledge and opportunity to scrutinize and deliberate on policy options.

Key Findings - Lessons from Canadian Experience (Section 3)

Canada Assistance Plan (CAP) - Throughout the life of the Canada Assistance Plan, there were serious information and accountability gaps with regard to program results. There was also little basis for learning across jurisdictions or analysing national trends. Fall-out from jurisdictional politics, institutional self interests and blurred lines of accountability served to undermine much needed intergovernmental cooperation. However, an even greater information and accountability gap potentially looms under the Canada Health and Social Transfer -- no information or evaluation requirements have yet been identified.

Education - In recent years, growing public concern over lack of accountability and poor achievement levels in Canadian schools, combined with fiscal retrenchment and competitiveness issues, led provinces to launch a series of "national" initiatives (e.g. national testing, portability of credits, joint curriculum development and nation-wide reporting on educational performance). The introduction of a new accountability and information-sharing regime has the potential to

generate better and more consistent results, and to empower educators and citizens alike. However, it still remains to be seen how far provincial governments will be willing to go.

Agreement on Internal Trade - The Agreement on Internal Trade gives cause for both hope and skepticism. It represents a significant demonstration of collaborative intergovernmental policy making in Canada. Impetus from First Ministers, some strong provincial champions and an important facilitative role on the part of the federal government were key factors in securing an agreement. Nevertheless, provincial governments were reluctant to surrender much autonomy. Further, the Agreement reflects its genesis as a product of executive federalism -- sensitive to the interests of governments but less generous with respect to the interests of citizens.

Key Findings: Lessons from Abroad and Down Under (Section 4)

European Community - European states have created extensive community-wide norms and disciplines -- mechanisms for monitoring and enforcement, and efficient decision making methods. Critical central functions and powers have been delegated to supranational institutions. One important shortcoming has been what the Europeans call the "democratic deficit".

Germany - Federal and state governments are constitutionally, institutionally and culturally intertwined in Germany. With the central government dependent upon the agreement of constituent governments, the conditions have been set for what has been described as the "joint decision trap". The German Bundesrat, which is essentially a forum for intergovernmental collaboration within the German parliament, has been the inspiration for numerous proposals for reform of the Canadian Senate. However, a number of major studies have argued that such an institution would be inconsistent with Canadian federalism and democratic principles.

Australia - The emergence over the past few years of a new forum for intergovernmental decision making -- the Council of Australian Governments (COAG) -- holds important lessons for Canada. COAG evolved out of Australia's traditional heads of government meetings. It has no permanent structure or secretariat. It is distinguished from its predecessors, traditional heads of government meetings, by genuine power sharing and a substantive decision making mandate. COAG has produced significant policy reforms. However, its major accomplishment has been renewed trust and effective intergovernmental collaboration. Canada can learn from the factors that helped create this turnaround -- impetus and direction from heads of government, a proven commitment to power sharing, and early and ongoing policy successes.

Conclusion - By comparison, the machinery of intergovernmental relations in Canada, particularly on national level social policy issues, is underdeveloped. This has contributed to the zero sum nature of federal-provincial relations and overall public disillusionment with governments and institutions.

Key Findings - Toward a New Social Union (Section 5)

Building Blocks - There are ten essential building blocks that need to be put in place as Canadians embark on the process of rebuilding the social union, from a foundation of trust and common interests (#1) through to mechanisms for monitoring progress and performance (#4),

and mechanisms for ensuring that agreed upon norms and decisions are enforced (#10). An important cornerstone is public engagement, dialogue and accountability (#5).

Architecture for a New Social Union - Overall architecture for the social union can be viewed in terms of how broadly and how jointly power is shared. This suggests five broad approaches ranging from horizontally-based, provincial control (confederalism) to predominantly federal direction and control. Three approaches to federal-provincial partnership are possible -- provincialist, collaborative and cooperative federalism -- depending on the degree of joint decision making. Each approach can be assessed in terms of the sustainability of intergovernmental cooperation, the potential for decision making gridlock, the ability to develop and enforce common norms and disciplines, and the implications for democratic accountability and participation.

First steps - Steps taken in the near term should demonstrate a break from the past. A process of developing principles to underlie the social union would provide an early opportunity to establish vigorous norms of intergovernmental partnership and democratic engagement. However, in order to secure credibility and momentum, concrete action will also be needed in the following areas:

- Intergovernmental relations: genuine commitment to power sharing and explicitly cooperative mechanisms for consultation and decision making, such as the regularized "national" forum which has emerged in Australia (the Council of Australian Governments);
- Democratic engagement and accountability: strengthened avenues for citizen participation and new opportunities for citizen dialogue and deliberation; and
- Social Policy Renewal: development of national performance indicators (on policy outcomes) and social indicators (on social trends); mechanisms for monitoring, review and accountability for results.

Taken together, early action in each of these areas would help restore public confidence and provide Canadians everywhere with a workable and meaningful vision of the country.

A Covenant to Govern the Social Union

Produced by citizens and governments together, a framework to govern the social union should embrace three kinds of principles:

- Federalism Principles -- e.g., effective and respectful intergovernmental cooperation;
- Democratic Principles -- e.g., consultation and engagement, representation, transparency, equality and right of appeal; and
- Policy Principles -- e.g., social objectives and norms; reporting and monitoring of policy outcomes and social trends.