Reflexion

CPRN RCRPP

Securing The Social Union:
Next Steps
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Building on the work of the Provincial-Territorial Ministerial Council on Social Policy Reform and Renewal, in June 1996 First Ministers created the Federal-Provincial-Territorial Council on Social Policy Renewal. Since then, both orders of government have been working in a collaborative way on social policy renewal through the Council. There has also been significant progress on the two policy priorities identified by First Ministers: the National Child Benefit has been created and a national children's agenda is being developed; and work is underway to improve and harmonize programs for persons with disabilities.

This joint work reflects a recognition by both orders of government that they must work together on what Premiers have called "the renewal of Canada's social union." This REFLEXION argues that the "social union" represents a fundamental change in the evolution of social policy in Canada as governments work together to address major problems in a spirit of collaboration and partnership and in a coordinated way across governments and policy sectors.

This paper explores a number of broad governance `issues related to the social union, such as implementing outcome measurement as a way of increasing governments' accountability for results and mobilizing collective action around social priorities, creating institutions to handle new functions in the social union, and engaging citizens in the construction of the social union.

But the most significant conclusion of the paper is that we need mechanisms to manage interdependence within the federation. Without them, Canada is missing a key piece of governance. First Ministers should address this problem by expanding the scope of the current social union discussions, building more structures for these discussions, and opening them up to citizens.

Highlights

- CPRN's definition of the social union, developed by Margaret Biggs in Building Blocks for Canada's New Social Union, integrates social policy and programs (and related values and principles), intergovernmental relations, and the notion of a "governance contract" between citizens and governments.

- The values and principles underpinning the social union include policy values, such as compassion, sharing, and balancing individual and collective responsibility; federalism, particularly its dual capacity for collective action to achieve shared goals and for flexible and autonomous action to respond to the diversity of priorities and needs across Canada; and democratic values such as transparency, accountability, and citizen engagement.

- Integrating outcome measurement into the social union would increase governments' accountability for results and help mobilize governments and citizens around priority outcomes or "Canadian projects." Outcomes might also become and alternative way to express social program principles, and reporting to citizens could ultimately become an alternative to government-to-government enforcement of principles.

- New institutions for the social union are required to respond to the need for increased collaboration, pressure from provincial government for joint management, and citizens' demands for transparency and accountability. Key functions to be performed by these new institutions include vertical management of the social union, collection of outcome data and reporting to the public, and dispute settlement.

- The relationship between citizens and governments is changing. Deference to authority is declining and people are demanding a say. We also need to find new processes to build trust and social cohesion in increasingly heterogeneous societies. "Citizen engagement" describes processes that seek to engage citizens in public dialogue about values, choices, and trade-offs, which are key to decision making on many issues in the social union.

Introduction

When First Ministers gather on December 11 and 12, 1997 to review progress on social policy renewal, they can be proud of the steps they have taken in the past two years and their achievements to date. But they should also take the opportunity to move forward with further steps to secure the social union and make it a more visible institution in the lives of Canadians. This paper proposes possible next steps that build on governments' achievements to date in securing the social union.

Background

The 1990s have been a period of fundamental change for Canada's social programs for a number of reasons, but in particular, fiscal restraint, the need to modernize the safety net programs, and proposals for restructuring governments' roles and responsibilities. On the fiscal side, government spending cuts have had cascading effects as provincial governments dealt with reductions in federal transfer programs, and municipal governments responded to the impact of provincial expenditure reductions. While Canadians have supported governments' deficit reduction efforts, they have also been deeply worried about the impact of reductions in health and education programs, and concerned that the safety net was being stretched too thinly.

Parallel to expenditure reduction in the 1990s has been increasing concern about the efficacy of social programs and their ability to respond to change. The Organization for Economic Cooperation and Development (OECD) and other bodies began to question the proportion of "passive" social expenditures in areas such as income security relations to "active" expenditures for education and skills development. In Canada, the federal governments' discussion paper entitled *Improving Social Security in Canada*, released in 1994, argues that "changes in our economy, in our families, in our workplaces, in our communities, and in the financial standing of our country are too dramatic to allow us to tinker at the edges of social policy and programming. The fact is that Canada's social security system needs to be fixed."

A third dynamic that affected social programs in the 1990s was the increasing interest in non-Constitutional ways to reconfigure federal provincial roles and responsibilities in a number of areas, including social policy. The most significant proposals were advanced in the 1996 Report to Premiers of the Provincial-Territorial Ministerial Council on Social Policy Reform and Renewal, which argued that "clarifying the respective roles and responsibilities of both orders of government is crucial to effectively reforming Canada's social safety net." Provincial governments pointed out that this clarification of roles would ensure better government and increased accountability to citizens. It should be noted that the government of Quebec participated only as an observer in the preparation of this report, reflecting its harder position concerning federal involvement in social policy. In its Speech from the Throne in February 1996, the federal government indicated it would accelerate discussions with the provinces on the withdrawal of federal activity in training, enter into new partnerships with provinces on labour market development, and limit the use of the federal spending power in areas of exclusive provincial jurisdiction.

But the most significant aspect of both the Ministerial Council Report and the Federal Speech from the Throne, and arguably one of the most important developments in social policy in Canada in the 1990s, was the acknowledgment in both of these documents that governments must work together on social policy reform and develop new ways to manage the increasing interdependence between and among orders of government. In the Ministerial Council Report, the provinces called for the creation of a national agenda for social policy reform and renewal supported by all First Ministers. They recognized that "if genuine cooperation and partnership between governments in the social policy sphere is ever to be achieved, the existing process of intergovernmental dialogue on social policy and fiscal matters must also be considerably strengthened." The federal government committed in its Speech from the Throne "to work with the provinces and Canadians to develop agreed-upon values and principles to underlie the social union and to explore new approaches to decision making in social policy."

To date, the joint efforts of both orders of government to secure Canada's "social union" have been an untold success story. In many ways, the "social union" represents a fundamental change - a paradigm shift, if you will - in the evolution of social policy in Canada. Over the past two years, federal, provincial, and territorial officials and Ministers have met regularly, both in interprovincial and federal-provincial-territorial settings (with Quebec as an observer), in a collaborative process to develop joint approaches to social policy reform. Through their efforts, a new "social union" is

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The purpose of this paper is to explore the concept of the "social union" by reporting on a research project on the social union conducted by CPRN over the past year. The project has included both research on how the social union might be constructed, as well as opportunities for federal and provincial officials, academics, and representatives of non-governmental organizations to "share learning" from this research in a neutral space. This process of research and dialogue has generated some ideas on how we can continue to make progress on securing the social union for the consideration both of First Ministers, as they prepare for their meeting on social policy renewal in December, and of Canadians, who will have to be, and want to be, engaged in the construction of the social union.

The paper first briefly describes the social union project, and then discusses five specific issues that the project focused on, flowing from earlier research by CPRN on the social union and discussion at a Roundtable. They are:

- Definition of the social union;
- Purpose, values, and principles of the social union;
- Measuring outcomes in the social union;
- New institutions for the social union; and
- Citizen engagement in the social union.

The paper concludes with some specific proposals that First Ministers might consider at their meeting in December to demonstrate their continuing commitment to securing the social union.

CPRN Roundtable Series on Securing the Social Union

CPRN's work on the social union began in 1995 with the publication of *Exploring Canadian Values,* by Suzanne Peters, a report combining longitudinal analysis of public opinion in Canada with the results of 25 discussion groups. In June 1996, CPRN released a working paper prepared by Margaret Biggs, entitled *Building Blocks for Canada's New Social Union,* which outlined options for the architecture of the social union and proposed 10 essential building blocks for a renewed social union. A follow-up Roundtable was held in November to pursue the ideas raised in the Biggs paper, which was regarded by academics and federal and provincial officials as a major contribution to new thinking about how to achieve social policy renewal, build new processes to manage intergovernmental relations, and begin to engage citizens in this renewal process.

In January 1997 CPRN launched a new initiative, which was intended to build on the earlier research and Roundtable discussion by developing concrete proposals for the construction of the social union. Discussion papers were prepared for a series of four Roundtable discussions in March, May, June, and September 1997, which brought together 83 participants, half of whom were federal and provincial officials, and the other half academics and representatives of public policy research organizations and non-governmental organizations. More than 30 percent of the participants attended two or more of the series of Roundtables. Discussion at the Roundtables enabled participants to explore various ways to frame a definition of the social union and the purpose, values, and principles that might be said to underpin it. Perhaps more important, participants discussed how relatively new approaches to governance, such as outcome measurement and citizen engagement, could be integrated into the social union. This paper atempts to capture the essence of the research in the five discussion papers and the spirit of the discussion at the

four Roundtables, and how that discussion helped us to refine our thinking about the social union. It is not intended to reflect the views of individual participants.

Definition of the Social Union

A number of terms have been used to express the concept that our social programs are more than just the sum of their parts. Some have referred to the "welfare state" or the "postwar social contract" while others have proposed a "social charter" of "social covenant." In the 1990s, the term "social union" was coined to be complementary to the concept of "economic union," an idea reflected in the title of the Royal Commission on the Economic Union and Development Prospects for Canada, created in 1982. The term can be interpreted in many ways, and indeed has been, both in the context of the drafting of the Charlottetown Accord in 1992, and subsequently following the creation of the Canada Health and Social Transfer (CHST). But the most significant attempt to capture the meaning of the term was made by Margaret Biggs in *Building Blocks for a New Social Union*. In that paper, Biggs defined the social union as "the web of rights and obligations between Canadian citizens and governments that give effect and meaning to our shared sense of social purpose. 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)." While some have suggested that this is a rather broad and open-ended interpretation, participants at the Roundtable tended to find comfort in its all-embracing formulation, recognizing that more precision would emerge in an evolutionary way through work on specific initiatives or sectors.

Biggs' paper advanced the view that the social union can be seen as integrating values and behaviours in three broad domains: social policies and programs, federalism and intergovernmental relations, and democratic engagement and accountability. The first paper and Roundtable in this project attempted to flesh out in more detail these components of the social union in an attempt to articulate its purpose, and the values and principles that might be said to underpin it. What emerged was a sense that the concept of the social union had a breadth and scope far more encompassing than earlier concepts such as the social contract. It is a conceptual framework that can be viewed from many perspectives:

- as an expression of our shared values, our shared sense of social solidarity, and our common purpose that give meaning to our citizenship;

- as an integrated approach to the traditional social policy sectors of health, education, social services, income security, and labour market development, as well as specific programs such as equalization;

- as the way that we realize Constitutional commitments to principles of mobility and access to comparable services and "principles" embedded in the Canada Health Act and the Canada Health and Social Transfer (CHST);

- as the structure of intergovernmental arrangements for our social programs, including intergovernmental institutions, the division of powers, fiscal arrangements, and the federal spending power; and

- as a setting for constructing new relationships between citizens and governments, which include transparency, accountability, and the engagement of citizens.

The idea of a social union differs from traditional conceptual frameworks that focus on social policies and programs, as in the notion of a social contract, or, alternatively, on federalism and the interaction among the division of powers, fiscal arrangements, and the use of the federal spending power. In Biggs' typology, the social union is broadened beyond consideration of policies and relations between consideration of policies and relations between governments to include notions of democratic engagement and government accountability that extend beyond the concept of the social union itself. This is an important expansion of the framework for three reasons. First, it reflects the significant role that social programs play in the lives of citizens and their desire for governments to work collaboratively to address social problems. Second, it allows us to consider the complex interplay among social policy issues, intergovernmental relations, and relationships between citizens and governments that will affect the evolution of the social union. Third, it reinforces the importance of the underlying pact between citizens and governments that must exist in support of both the social contract and federalism institutions if the social union is to succeed.

Purpose, Values, and Principles of the Social Union

Based on this definition of the social union as an integration of social policies and programs, intergovernmental relations, and relationships between citizens and governments, it can be seen that the social union performs an integrative function at three different levels. This is an important function since all of the policies and programs within the social union serve at least one, and often more than one, of the following objectives:

- to **promote social cohesion**, by promoting sharing, providing security, and assisting all Canadians to actively participate in economic and social life;

- to **support human development**, by ensuring that basic needs are met and that individuals' skills and capacities are fully developed throughout their lives; and

- to **strengthen the economic union,** by sharing risk, ensuring mobility, and providing access to comparable levels of essential public services.

The first integrative function of the social union is to provide a policy framework that allows the linkages among these objectives to be explicitly considered in an integrated or horizontal way across policy sectors, both within and beyond traditional social policy. For example:

- there are complex linkages among the objectives of promoting social cohesion, supporting human development, and strengthening the economic union. For example, we know that our health care system, which is fundamental to human development, also strengthens the economic union in a number of ways, such as the provision of a healthy workforce, the development of health care industries, and the creation of a competitive advantage relative to other economies. It also contributes to our sense of social cohesion, and, for many Canadians, to our sense of shared citizenship. At the same time, maintaining out health care system is dependent on prosperity in the economic union and the community sharing values in support of the system. We need to develop a better understanding of these linkages and interrelationships across the social union;

- increasingly social policy must be developed through cross- sectoral approaches to ensure that a systems-based approach is taken to complex issues rather than focusing on specific problems in isolation. For example, the national children's agenda, which the federal and provincial governments are developing, involves a large number of sectors and departments, including education, social services, and health, and a wide range of programs in the areas of justice, environment, recreation, and many others; and

- we no longer view social and economic policy as different, or, at best, complementary, but rather as policies that must be integrated. This can be readily seen with respect to one dimension of human development that is sometimes referred to as "investment in human capital." As Thomas Courchene has pointed out, "social policy, as it relates to human capital and skills formation, is indistinguishable from economic policy." For example, investing in children's development is a major social policy objective, which also has implications for economic growth and prosperity. Conversely, fiscal, monetary, and economic policies have significant social implications through their impact on unemployment. We can no longer compartmentalize the social union and the economic union. We must develop a better understanding of the relationships between them, while recognizing that each has its own integrity and objectives.

The second way in which the social union performs an integrative function is in providing a framework for governments to manage interdependencies as they address these interrelated policy issues. Increasingly, both the federal and provincial governments are dealing with the same policy issues and using similar policy instruments. An initiative of one order of government has an immediate impact on another order government, and may even undercut the latter government's objectives. While efforts have been made to clarify the respective roles and responsibilities of governments, particularly in the area of social policy, there are real limits to the extent to which governments in a federal system can "disentangle" themselves, or, as some have suggested, create "watertight compartments." In any case, this is not desirable since it prevents the two orders of government from bringing their specific strengths to issues. For example, the federal government brings a global and pan-Canadian perspective to issues, and is able to articulate core Canadian values and mobilize Canadians to achieve pan-Canadian objectives. Provincial

governments, on the other hand, are better positioned to articulate local needs and priorities and design ways to tailor programs to local circumstances that may be unique.

It can be argued that the trend to decentralization may in a perverse way only increase the need for at least some form coordination, and possibly even integration. While it might be possible to manage this integration through interprovincial mechanisms in some areas, as Courchene has suggested, "both orders of government are actively engaged in social policy and will continue to require integrative mechanisms and institutions to help them manage these interdependencies." This is not a new idea. In 1985, the Royal Commission on the Economic Union and Development Prospects for Canada noted that "the activities of federal and provincial are interwoven in many policy fields . . . The challenge, then, is for Canadians to design intergovernmental machinery for managing this interdependence."

The third integrative function that the social union could potentially play, but has not to date played in a systematic way, is to ensure that the values, perspectives, and expectations of Canadians are fully reflected, integrated, and ultimately realized through the social union. The intergovernmental dimension of the social union has traditionally dominated, as reflected in our institutions of "executive federalism." But, increasingly, Canadians seem unwilling to rely on these institutions to frame the issues and develop policy responses in isolation. Citizens are demanding, at a minimum, transparency in this process, and are increasingly calling for mechanisms to allow citizen groups and individual citizens to have an input to the intergovernmental process. Governments have begun to grapple with different ways to provide increased transparency, accountability, and opportunities for group and citizen engagement.

Values of the Social Union

Our values are the fundamental underpinning of the social union. They are reflected in the social programs that were put in place in the postwar period, and continue to be reflected in the evolution of these programs. Many have even argued that our definition of Canadian citizenship is based on our social programs and the sense that these programs symbolize our membership in a community that shares values of solidarity and mutual responsibility. Again using the framework of policy, intergovernmental relations, and democratic engagement, this project explored the values that un-

derlie these three dimensions of the social union.

With respect to the values reflected in our social policies and programs, Suzanne Peters, in *Exploring Canada's Values*, and others have found a great deal of continuity in deeply-held Canadian values such as compassion, sharing, equal opportunity, equity, fairness, and collective responsibility. At the same time, they also report tensions underlying, for example, the values of individual responsibility and self-reliance in contrast to collective responsibility , and perhaps sometimes between investing in children and fiscal responsibly. Canadians are constantly balancing these values, and possibly even changing the way they behave values over time and on specific issues, but always in an overall context in which social solidarity and mutual responsibility are seen as basic norms.

Not surprisingly, the fundamental values underpinning intergovernmental relations are based on federalism. The dimension of federalism that Canadians particularly value is its dual capacity for collective action across Canada, which enables Canadians to pursue their shared values, and for flexible and autonomous action to respond to the diversity of regional and local priorities and needs in Canada. Canadians value harmony and collaboration within the federal system and are frustrated by intergovernmental bickering. They tend to want to see both orders of government involved in a wide range of social policy areas, perhaps recognizing that they benefit in a number of ways from such an arrangement.

The values more generally related to democratic engagement in Canada that were identified in Suzanne Peters' work (e.g., transparency, accountability, and citizen engagement), also apply to the social union. They are fairly new and perhaps can be attributed to documented levels of declining deference, respect and confidence in many of our institutions, including governments. Some have argued that there are structural reasons, such as age and levels of education, that would suggest that this is not just a passing phase for Canadians but rather a fundamental shift in their values about self-expression and participation in decision making at all levels, including government. The question is not just how the social union will adapt to these changing values but our political system as a whole.

Principles of the Social Union

Again using the framework of policy, intergovernmental relations, and democratic engagement, the pro-

ject developed a set of broad principles that might guide the development and evolution of the social union. Many of these reflect the significant work of the provinces' Ministerial Council Report, which laid out 15 principles to guide social policy reform and renewal, all but one of which have been accepted by the federal government in the context of the ongoing federal-provincial-territorial process. Some of the principles identified through the project are presented below.

Social Policy Principles

1. Social policies should promote social and economic conditions that enhance self-sufficiency and well-being and support the active development of individuals' capabilities.

2. Social policies should be designed to reduce income polarization and social marginalization, which undermine social cohesion.

3. Social policies should be designed to complement and support individual responsibility to earn, save, and share.

4. Social policies should reflect both our individual responsibility and desire for independence and our collective responsibility to support those in need.

5. Social policies should be designed to achieve long term benefits from prevention and early intervention, particularly by promoting the well-being of children and families through investments that support, healthy, safe and nurturing environments.

Federalism Principles

6. The social union should use the instruments of federalism to ensure that common values and objectives are respected while remaining flexible and responsive to the diversity within Canada.

7. The social union should be respectful of jurisdiction, as well as the need for autonomous action by both federal and provincial governments to achieve pan-Canadian objectives and to reflect local circumstances and preferences.

8. The social union should include mechanisms for collaboration between governments to ensure that its pan-Canadian needs and desired outcomes are achieved, particularly in areas where both orders of government are active.

9. Both orders of government should be full partners in setting priorities for the social union and in establishing, maintaining, and interpreting pan-Canadian principles in the social union; and they should agree on how to ensure adherence to these principles.

10. Arrangements between the federal government and individual provinces should be transparent to ensure that provinces are treated similarly, but this should not preclude asymmetry in federal-provincial arrangements to reflect different situations that require different outcomes.

11. Interregional sharing to ensure comparable levels of essential public services is a fundamental component of the social union, and funding arrangements, including equalization, should be regularly reviewed to ensure that they reflect the roles and responsibilities of governments and the needs for adequate resources to fulfill them.

Democratic Engagement

12. The social union should seek to be inclusive and ensure that the full diversity of perspectives within Canada is reflected in its design and maintenance.

13. Mechanisms should be created to ensure the involvement of citizens in the social union, particularly in the identification of broad directions and priorities.

14. Programs within the social union should be client-centred and include mechanisms of redress and appeal.

15. The process of intergovernmental collaboration in the social union should be transparent and accountable to citizens for results by regularly publishing data on the outcomes of programs and initiatives in the social union.

Implications of the Social Union for National Unity

Before proceeding to a discussion of the other elements of the social union exploring in this project, it might be useful to pause at this point to discuss the relevance to Quebec and national unity. Throughout this project, we have considered how some of the ideas advanced in the discussion papers would be received in Quebec. Although only five of the participants at the

Roundtables were from Quebec (though more were invited), this issue was often raised during the discussion. For example, we noted that while Quebeckers might share many of the values described earlier, including the values reflected in the *Canada Health Act*, it is not as clear whether they support the instrument intended to enforce these values. On the other hand, this is likely true in some other provinces as well. We also discussed how to approach the creation of new institutions in the social union so as to demonstrate to Quebeckers, as well as citizens in other provinces, that fundamental changes had been made in the practices of federalism and there was now a new way of doing business in the federation. Some participants at the Roundtable argued that significant reform of federalism institutions was necessary to convey this message; others felt that the new collaborative approach discussed earlier already offered evidence of significant change; and still others argued for additional modest reforms to processes such as the Annual Premiers' Conferences and First Ministers' Conferences.

On balance, it is unlikely that either Quebeckers or the government of Quebec would have much difficulty with the substance of the social policy and democratic engagement dimensions of the social union. There appears to be a high degree of commonality on many social policy values and objectives among Canadians and their governments, regardless of ideology or location. There may be disagreement on how to do it - for example, Quebeckers may place more emphasis on collective responsibility - but relatively little conflict on what needs to be addressed. Moreover, Quebec has a long tradition of citizen participation in public policy, as reflected in the Quebec Summit and other provincial consultive exercises.

The most problematic dimension of the social union, at least for the government of Quebec, is the federalism component. Public opinion polling would suggest that Quebeckers tend to share the relative indifference of other Canadians to issues of division of powers and jurisdiction, and are comfortable with both orders of government acting in the same policy areas (as long as they don't bicker!), including on social policy issues. But governments, media, and academics in Quebec have tended to be preoccupied by these questions. For example, Premier Bouchard was quoted at the Annual Premiers' Conference last August as saying, "there are two visions here, two ways of seeing things" [translation]. He argued that he could not accept a solution proposed by the other Premiers "that aims at recognizing in the federal government a jurisdiction that it does not have to be under the Constitution, which it did not have before the patriation of the Constitution in 1982, in the field policy" [translation]. In his view, this position has been a constant element of Quebec policy and reflects its perception of its aspirations and identity.

Those in agreement with Premier Bouchard's perspective would challenge the notion of one pan-Canadian social union, noting that the Constitution assigns major responsibilities to the provinces in the area of social policy. They would likely regard discussion of a pan-Canadian social union as largely a rationale for federal intrusion into areas of provincial jurisdiction.

Others would argue that this reflects a view that "watertight compartments" can be created within federalism in a way that has never existed in Canada or in any other federal system. This is particularly true with respect to the artificial separation of the social union and the economic union. Moreover, the federal government has always had a role in social policy in Canada, and the Constitution has been amended three times to reflect that role, specifically with respect to unemployment insurance and old age pensions. Others have challenged the notion that Premier Bouchard's position was shared by all former Quebec governments, noting that all other governments were able to develop partnerships with the federal government or establish parallel programs, such as the Quebec Pension Plan. Taking perhaps a more pragmatic approach, Claude Castonguay recently noted that for more than 50 years the federal government has used its spending power to establish social programs from which Quebeckers have particularly benefitted since, in many cases, they have had a redistribution component that worked in Quebec's favour [translation]. In any case, it is clear that, as part of a federal system, Quebeckers have benefitted from pan-Canadian initiatives such as universal health insurance while at the same time leading the rest of the country in innovation and progress in many social policies and programs.

This project clearly cannot paper over this fundamental difference of perspective. But it has tried to point out key elements of the social union such as flexibility, diversity, respect for different provincial circumstances and priorities, autonomy, and asymmetry, that address the views of the Quebec government, as well as other provincial governments about the nature of federalism. This is reflected in a long history

of different arrangements, such as Saskatchewan leading on the development of health insurance, the federal government and Quebec creating parallel pension plans, and Quebec leading in the development of family policies. At the same time, since Confederation, federalism has enabled Canadians, including Quebeckers, to pursue many collective social policy undertakings or "Canadian projects" that have reflected their common values and shared goals. This suggests that the key to the success of the social union, and its acceptance by Quebec, is our ability to find ways to maximize the capacity of our federalism to respect both our commonality and our diversity in the interests of all Canadians.

Measuring Outcomes in the Social Union

A recent trend in governance, which we considered in the context of the social union, has been to move away from traditional performance measurement programs focused on inputs and outputs and toward attempts to measure the actual outcomes of government programs. The objective is to increase governments' accountability to citizens for results, help governments improve program design and delivery, and provide input to resource allocation decisions.

While these are desirable objectives, broader objectives for measuring outcomes in the context of the social union were identified during the Roundtable discussion. In particular, participants felt that outcome measurement and reporting could be used to:

- provide regular reports on outcomes to inform a dialogue among citizen groups, citizens and governments about the desired outcomes that can reasonably be expected from policies and programs, and the most relevant ways to measure progress in achieving these agreed upon outcomes;

- build relationships and trust among governments, citizen groups, and citizens in a collaborative process of identifying shared values and desired outcomes and working together to achieve these outcomes;

- mobilize citizens, communities, and governments around priority outcomes or "Canadian projects" and identify the specific means that all the players who can have an impact on those outcomes could use to achieve the desired outcomes; and

- help to demonstrate to citizens that agreed-upon pan-Canadian principles are reflected in governments' policies and programs, using achievement of desired outcomes as one measure of adherence to these principles.

Despite the desirability of using outcome measurement to achieve these objectives, there are a number of constraints and challenges to be addressed. There are methodological questions, such as whether to use absolute or relative measures of poverty, and concerns about our ability to understand the linkages among different factors that could have an impact on an outcome and to measure the separate impact of each factor. In some sectors, there have been institutional barriers to the identification of pan-Canadian desired outcomes. There are credibility issues associated with how the desired outcomes are identified and how they are measured — for example, if governments alone identify the outcomes, will they select the most readily achievable outcomes and measures? Who will collect the measurement data and how will it be reported to citizens? There are also governance concerns about holding governments accountable for outcomes that they can only influence indirectly or are only one of many influences that affect the achievement of those outcomes. Also, in the specific context of the social union, ways must be found to balance national consistency and regional diversity since regions and communities will use different ways to achieve outcomes, even those based on shared values, and the outcome measures that are chosen will need to reflect some of these differences.

The particular concerns about appropriate measures of government accountability and ways to recognize and respect diversity in achieving outcomes led participants at the Roundtable to articulate a hierarchy of outcomes to be measured in the social union that reflects a range of government accountability for specific outcomes and a range of measures for "ends" and "means." The upper levels of the hierarchy deal with desired outcomes or "ends" for which governments cannot be held directly accountable, although citizens may demand that they address these outcomes and demonstrate leadership in mobilizing other players to influence them. At the lower levels of the hierarchy are outcomes related to programs for which governments should be directly accountable for the different "means" that they are using to achieve agreed upon "ends." The five levels of the hierarchy are:

1. Indicators of Well-being

These would be at the level of "state of the social union" indicators, which would monitor the social

and economic well-being of society. Further work is required on the improvement of existing composite indicators such as the Genuine Progress Indicator and the development of meaningful social indicators.

2. Performance Measures of Canadian Goals of Project

As part of the construction of the social union, Canadians may want to identify specific societal goals or "Canadian projects" that they want to work on collectively. They will need performance measures to track on these projects and identify areas for adjustment.

3. Systems Performance Measures

In addition to the achievement of specific societal goals, Canadians may also be concerned about the performance of key "systems" in the social union and the maintenance of our social infrastructure These systems involve a number of players and also vary considerably between different jurisdictions. It would be useful to agree on our expectations and desired outcomes from these systems so that their performance can be monitored and adjusted as data becomes available about the outcomes achieved through diverse approaches taken by different jurisdictions and internationally.

4. Program Performance Measures

While program performance measurement is done by all governments, in the context of the social union, accountability to citizens for the results of programs would be improved by the articulation of explicit desired outcomes of these programs, agreement on the most relevant outcome measures, and the compilation of comparable data across jurisdictions.

5. Measures of Adherence to Pan-Canadian Principles

The last level of the hierarchy seeks to find ways to express pan-Canadian principles, such as comparable access, mobility, and principles in the Canada Health and Social Transfer (CHST), as desired outcomes, and then measure their achievement in order to demonstrate that governments are adhering to these principles. If this could be achieved,

outcomes would be a supplement to defined principles or possibly even an alternative way to express pan-Canadian principles. Reporting on outcomes measures to citizens could become a supplement to government-to-government enforcement of these principles, and perhaps after some experience with them, an alternative to such enforcement.

Federal, provincial, and territorial governments are already developing outcomes in the context of their work on child poverty, the national children's agenda, and programs for the disabled, and in other sectors of the social union such as health and labour market development programs. This process should be broadened, both in scope, to encompass all of the social union, and in inclusion, so that communities, citizen groups, and citizens are involved in the process.

New Institutions for the Social Union

Canada has a long history of intergovernmental machinery. In 1985, the Royal Commission on the Economic Union and Developments Prospects for Canada described "the vast network of relationships" that had developed largely in the 1960s and 1970s. They included First Ministers' Conferences; Ministerial-level meetings and large numbers of committees of officials on a wide range of subjects; hundreds, if not thousands of bilateral meetings between the federal government and one or more provincial governments; and interprovincial conferences.

Observers have long argued that Canada needs to have intergovernmental institutions to manage interdependence in the federation, and the growing policy interdependence between governments described earlier makes this even more critical today. But it is not clear whether, in the context of the social union, the machinery that exists is adequate enough to meet the need for enhanced collaboration resulting from increased interdependence, pressure from provincial governments for joint interpretation of social program principles and the creation of mechanisms for settling differences, and the public's demands for increased transparency and public accountability. Much of the existing machinery is informal and ad hoc, with a limited number of functions, such as consultation, information sharing, and some policy coordination. It has also been characterized as an instrument of "executive federalism," raising concerns about a "democratic deficit."

While there is no desire to create a new layer of process and bureaucracy, managing interdependence

requires regular, almost routine, meetings for federal and provincial First Ministers, Ministers, and officials, to share perspectives, identify common objectives, coordinate joint activity, and provide greater accountability to citizens, without the raised expectations often associated with meetings or conferences held on an irregular basis. Routine meetings also provide greater potential for increased transparency and accountability to citizens.

Institutions or mechanisms are needed to perform four key functions in the social union:

- vertical management within the social union, such as priority setting, planning, and management of issues that cut across the social union, and horizontal functions within sectors in the social union, such as research, information sharing, and policy coordination;

- data collection on outcomes, monitoring, and reporting to the public;

- interpretation, dispute settlement, and mediation; and

- ensuring adherence to social program principles.

Criteria for developing and assessing proposals for new institutions include:

- consistency with the purpose, values, and principles of the social union, i.e., collaborative, respectful of the role and jurisdiction of each order of government, inclusive, accountable, and able to balance consistency and diversity;

- efficiency and effectiveness, i.e., by setting the appropriate level of intergovernmentalism that will achieve optimal policy outcomes in a timely manner and with the lowest transaction costs; and

- ability to achieve, i.e., focus on incremental, flexible steps that build on existing institutions, do not require Constitutional change, and can evolve in terms of membership, operating rules, terms of reference, and capacity to learn from new developments, such as measuring outcomes.

Over the past two years, there has been an incremental evolution in intergovernmental machinery through the creation by the Premiers of the Provincial-Territorial Council on Social Policy Reform and Re-

newal and subsequently the creation of the Federal-Provincial-Territorial Council on Social Policy Renewal (FPT Council) at the First Ministers' Meeting in June 1996. Joint work underway on the national child benefit, the national children's agenda, and programs for persons with disabilities appears to be taking an incremental approach based on shared goals and agreement on board directions. Coming out of the Annual Premiers' Conference in August 1997, however, "Premiers expressed their desire to strengthen the role of the FPT Council on Social Policy Renewal in coordinating and monitoring this work on social policy renewal, and clarifying its channels for communicating with First Ministers." They also proposed the negotiation of a framework agreement to deal with broad issues such as the use of federal spending power.

While it might be practical and pragmatic to approach institutional reform in an incremental way, there should be a long-term vision that sets out the intended direction of incremental reforms. The purpose, values, and principles discussed earlier in this paper provide one model of a possible vision and direction for the social union, which reflects the criteria identified above as well as constraints, such as the need to start by building trust between governments and between governments and citizens, to be adaptable to longstanding differences in intergovernmental management within the sectors of the social union, to be responsive to understandable concerns on the parts of the governments to be visible to citizens for programs and provide incentives for them to collaborate, and to recognize that not all issues should be the subject of intergovernmentalism.

Specific institutional reforms that might be considered by First Ministers include:

- scheduling regular, routine meetings of First Ministers to review progress on social policy renewal, agree on shared objectives and priorities, and task the FPT Council;

- mandating the FPT Council to coordinate joint sectoral work across the social union on outcome measurement and citizen engagement; and report regularly to First Ministers;

- identifying a reliable and objective body, such as Statistics Canada, to collect and publish outcome data for the social union on an annual basis;
- agreeing on ways to increase transparency in interpretation and dispute resolution processes in the

social union, such as the creation of expert panels and processes that involve citizen groups and citizens, and establishing clear ground rules and mechnisms for resolving disputes; and

- maintaining existing enforcement mechanisms with respect to the CHST while assessing the potential for alternative approaches to promoting adherence, such as reporting to citizens on outcomes and the reinvestment frame work in the National Child Benefit.

Citizen Engagement in the Social Union

Canada is in a transition period that is inevitably leading to new forms of citizen involvement in public affairs. The ground is shifting under governments as citizens question their competence and legitimacy. Perhaps the most concrete example of this world-wide phenomenon is the impact that citizens in the United Kingdom are having on the monarchy, one of the oldest institutions in the world. In Canada, the decline in deference and respect for authority has been sharper than in the United States. While some seek solutions in legislative reforms and others in referenda and other mechanisms of direct democracy, models of citizen engagement and public dialogue offer an alternative approach that might complement these proposals.

In public opinion polls, citizens overwhelmingly indicate their demand for involvement in public policy, bu they also demonstrate a low level of confidence in the impact citizens' views have on decision making. Governments are responding to this demand for involvement in a number of ways. Some are attempting to increase transparency through the provision of more information to citizens: some are becoming accountable to citizens for results through outcome measurement and reporting; and a number of them are involving citizens in increasingly more sophisticated consultation processes.

The next step for governments is to recognize that the relationship between citizens and governments is changing in fundamental ways. Ron Inglehart's analysis of the values and beliefs of 43 societies representing 70 percent of the world's population found that countries such as Canada with "postmaterialist" values, the young and the better educated no longer accept traditional authority and hierarchy and are demanding a say, whether at home, at work, at school or in the community. For some, it means that governments must in-

creasingly see citizens as partners in governance, and not just voters of consumers of public services.

Others focus on the need to find processes that will build trust and social cohesion. They are concerned that our "cocooning" lifestyles and increasingly heterogenous societies are making it more difficult for us to achieve what Robert Dahl calls "empathic understanding" of each other. There are limited opportunities for us to understand the need to take account of interests beyond our own, and to learn how, in Rousseau's terms, to be public as well as private citizens.

We need to develop a shared vocabulary to describe and differentiate processes intended to provide information to citizens, to hold governments accountable, to consult the public, and to engage citizens. Many observers use the term "citizen engagement" to describe processes that attempt to go beyond traditional consultation and public participation by engaging citizens in what is sometimes called "public dialogue." This is a two-way learning process that allows for reasoned reflection, and encourages a willingness to listen to the values and perspectives of others. The objective is to search for common ground and thus find solutions acceptable to all citizens. It requires an open process both with respect to the agenda and ideally the time frame; a discussion of values, trade-offs and choices; information on issues presented in an objective way to inform the discussion; and mechanisms that promote listening, learning, reframing of interests, and the identification of common ground.

There are three essential products from this process. The first is that views do change as people learn from listening to others. The second is that the excitement generated in the dialogue can often lead to the mobilization of citizen groups and community efforts. The third is a stronger foundation for public policy if governments respond to the results of the dialogue.

Citizens do not want, or need, to become engaged in this way in all public policy issues. But any issue that involves potential conflicts in values or identity, difficult choices or trade-offs, or is expected to have a major impact on citizens is an appropriate issue for citizen engagement, whether it is a modest local problem or a complex national issue. In the case of the social union, this could mean engaging citizens around a number of issues such as schools, hospitals, programs for children and persons with disabilities, income security programs for seniors, pensions, the development of principles for social programs, and even equalization.

The intention is not to paralyse governments by engaging citizens on all issues, but rather citizens and partners agreeing on the agenda and the time frames for public dialogue processes. In this context, leadership is redefined as the willingness to undertake these processes and talk, listen, and learn from the dialogue with citizens. Nor is the intention to replace elected representatives, experts, or citizen groups. The expectation is that elected representatives would use these kinds of processes to better understand the views of their constituents , who, as a result of participating in such processes, would be in a better position to provide informed advice to their elected representatives. Experts would continue to be key players in the policy-making process, but they also can support citizen engagement by helping to frame issues and provide information in a way that makes complex issues accessible to citizens. Public dialogue cannot replace the expertise that citizen groups bring to the policy tabe, but rather can be a supplement, or perhaps an input, to consultations between governments and these groups.

Some models of citizen engagement have been operating for more than 20 years while others are still at the experimental stage. Many of the processes were initiated by the United States by nonpartisan, nonprofit organizations, often funded through private foundations. To date, most of the models have been used at the community or state level, and only in a limited way to deal with national issues. Some of these models include study circles, citizen juries, electronic town meetings, deliberative polling, civic journalism, search conferences, and National Issues Forums.

A number of experiments in citizen engagement have been held in Canada. The National Health Forum used deliberative polling techniques and study circles. Televised group discussions on the Constitution have used citizen jury and deliberative polling. In 1996, The Canada West Foundation, the Council for Canadian Unity, and the Atlantic Provinces Economic Council organized a deliberative polling process, which brought together 97 youth for five days to discuss Canadian values, the economy, national unity, and governance issues. Also in 1996, CPRN, with 12 national voluntary organizations, launched a public dialogue process called The Society We Want to help citizens work through their values and preferences on social policy issues. To date, 200 groups have met to discuss issues such as children, health, work, and the social safety net.

The federal and provincial governments should endeavour to expand their collaborative processes on the social union to engage citizens on those issues that have had a significant impact on Canadians, and in some cases, may require clarification and articulation of values and preferred trade-offs and choices.

Recommendations to First Ministers

This paper has argued that the 1990s have seen the emergence of a paradigm shift in the way that our social union is conceived and constructed. The new paradigm explicitly recognizes that policies are interrelated, that we need to find new ways to manage the interdependence of governments to ensure commonality where desired and diversity where required, and that citizens should be engaged in the construction of the social union. In less than two years, federal, provincial, and territorial governments have made remarkable progress in operationalizing the new paradigm, through the creation of new intergovernmental bodies and their joint work on the national child benefit, the national children's agenda, and programs for persons with disabilities.

Perhaps understandably, these incremental steps have been limited in scope and ad hoc; the new relationships are fragile and have little formal structure; and to date discussions have largely been held behind closed doors. Provinces are worried that the prospects of a "fiscal dividend" for the federal government will diminish the enthusiasm of some federal Ministers for collaborative work with provincial governments and, as a result, they are pressing for a broad framework agreement to address issues such as the use of the federal spending power and mechanisms for resolving disputed. The Quebec government remains uncomfortable with the new paradigm, although it has participated in many of the federal-provincial-territorial processes as an observer, and, at least in the case of the national child benefit, agrees with the principles espoused by the federal and other provincial governments. Nevertheless, as a document on the national child benefit recently released by Federal-Provincial-Territorial Ministers Responsible for Social Services notes, "the Government of Quebec has not taken part in the development of the National Child Benefit because it wishes to assume control of income support for the children of Quebec." Moreover, since the social union discussions to date have largely been held by federal, provincial, and territorial Ministers and officials "behind closed doors," they are vulnerable to questions of legitimacy by citizen groups and citizens.

What the past two years demonstrate is the need for mechanisms to manage interdependence within the federation. Without them, Canada is missing a key piece of governance. For federal and provincial officials and ministers and ultimately First Ministers to meet to discuss social policy renewal is simply good government that helps make the system work better. First Ministers, in particular, must constantly review progress, adjust what is not working, and provide momentum and support what is working. To achieve all this, First Ministers could take immediate and concrete steps at their meeting in December to build on initiatives they have already taken and also create regular, transparent, and non-bureaucratic mechanisms to help governments continue to manage interdependence. These steps fall under the policy, federalism, and democratic engagement categories discussed throughout this paper.

First Ministers should:

1. Expand the scope of the current social union discussions by:

a) adding additional sectors, such as health, labour market development, and education, to the social union process;

b) agreeing on one or more "Canadian projects" to be achieved through the social union, such as reducing child poverty and developing a societal strategy for investing in children; strengthening our health care system; reducing youth employment; and investing in skills development through lifelong learning, including early childhood development, the education system, and training; and

c) beginning to address framework issues so that the ground rules for the effective function of the social union are clear.

2. Build more structure for the social union discussions by:

a) creating regular and routine meetings for First Ministers to review progress on social union initiatives, set priorities, and provide direction to Ministers;

b) clarifying the mandate of the Federal-Provincial-Territorial Council on Social Policy Renewal to coordinate work across all the sectors of the social union, including performance measurement and citizen engagement initiatives, begin to work on framework issues, and report regularly to First Ministers on progress; and

c) identifying an institution such as Statistics Canada to collect outcome data and publish annual reports on the achievement of outcomes across the social union.

3. Open up the social union discussions by:

a) increasing transparency in the intergovernmental process by releasing the agenda and results of meetings, providing regular progress reports, and publishing the terms of reference of new intergovernmental bodies.

b) committing to increased accountability through outcome measurement and reporting to citizens annually on outcomes in all of the sectors of the social union, beginning with the national child benefit and the national children's agenda and expanding to include labour market development programs, health and education; and

c) beginning to engage citizen groups and citizens on the issues discussed through the intergovernmental process.

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