

***Framing the Canadian Social Contract:
Integrating Social, Economic and Political Values
Since 1940***

David Laycock and Greg Clarke

Executive Summary

**Discussion Paper P|02 – Public Involvement Network
is available at <http://www.cprn.org> or on
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Introduction

“Social contracts” are packages of policy-relevant ideas concerning basic choices on the central issues of citizenship and citizen/state/society relations in modern liberal democracies. They define

- the rights and responsibilities of citizenship,
- the relationship between citizenship and the welfare state,
- citizens’ sense of belonging to Canada, and their ideas concerning the desirability of inter-regional sharing,
- their attitudes towards North American integration, and
- their sense of Canada's responsibility to the rest of the world.

Since 1940, three broad social contract models have competed and evolved. We refer to them as the market citizenship model, the brokerage citizenship model, and the social democratic citizenship model. They have developed within and across the boundaries of liberalism, conservatism, social democracy and more recently the ‘new right,’ and each one involves a different set of trade-offs among values.

As in other ‘affluent democracies,’ Canadians and their governments are under pressure to rethink the social contract in response to big changes in the policy context: fiscal austerity, heightened globalization and broad acceptance of the need for governments to act creatively.

In rethinking the social contract, choices must be made among different socio-economic policy packages. Citizens and governments have an obligation to be aware of and explicit about the value trade-offs inherent in the broad policy packages they espouse. Clarity and transparency concerning these values is essential to the health of our democracy.

The paper begins by laying out an analytical framework for understanding key dimensions of post-war thinking about the implicit Canadian social contract. We then discuss the types of value trade-offs characteristic of the three major social contract models in Canadian public discourse, using examples of policy proposals advanced by political parties and governments to illustrate how these trade-offs have been understood

by Canadian political elites. We close with some speculation regarding emerging themes in debates over the Canadian social contract.

Our primary sources are selected federal and provincial Throne Speeches, party election platforms, and federal Royal Commission reports. These documents typically express and sometimes lead broader patterns of public thought on basic political, social and economic values.

Key Results

There has been a broad consensus on many values across the three social contract models but the agreement has not gone very deep. Until the 1980s, social democratic and mainstream political forces were in agreement on

- the desirability of well-informed and well-supported civic participation, even though they disagreed over the depth and range of such participation in policy processes, economic management, and the affairs of civil society
- greater distributive equality across income, ethnic group and eventually even gender lines. However, they disagreed over the means of achieving greater social equality, the pace at which it should be pursued, and on the programs through which it could be achieved. Most importantly, they disagreed on the extent to which such achievements were constrained by the imperatives of economic growth and ‘investor confidence.’
- support for a significant government presence in the market economy, prior to 1985. This is not to say that the CCF and Conservatives agreed on the role of the state in 1945 or since. But by the 1950s, when all other western societies were also building their welfare states, the consensus on the need to construct at least some version of one in Canada was very broad. With this came the increasing orthodoxy of Keynesian demand management approaches to fiscal and monetary policy and acceptance of the goal of ‘full employment,’ at least in principle.
- how maintaining a distinctive Canadian community within North America would require some measures of economic nationalism, primarily under the auspices of the national government. There was of course considerable debate over the appropriate policy instruments, and the degree to which public sector firms or government regulations should compete with or constrain private enterprises and the decisions of the marketplace.
- support for cultural and other value diversity in Canada, both through generalized tolerance and social accommodation of ‘difference,’ and through a substantial role for minority group support by federal and provincial governments. Such diversity was seen as an expression of active citizenship, that is, as an example of the social equality manifest in the expanding welfare state, and as a way to secure closer bonds of social solidarity and shared national feeling in a socially diverse federation.

In general, then, there was a broad consensus on the desirability of a ‘mixed economy,’ and hence a consensus on the value of substantial – if still modest, by European standards

– state involvement in the economy. And this value consensus worked in a general synergy with the consensus on greater distributive equity. These two core values of the post-war Canadian social contract were complementary, even if their policy expressions in the hands of different parties and governments were not.

However, after 1985, that broad consensus was strongly challenged, as the new right rejected both the value choices and the value complementarities at the core of the ‘post-war social contract.’ Reform, the Canadian Alliance and various provincial parties (with Progressive Conservative, Social Credit and recently in BC, Liberal labels) have rejected the idea that either active citizenship or individual freedom require an interventionist state attempting to ‘socially engineer’ greater income, gender, or ethnic equality. Their alternative vision maintains respect for regional control and distinctiveness, but contends that Canadians have to choose among their most important basic shared values.

On this account, we are forced to choose between freedom and social equality, between freedom and an interventionist state, between freedom and state support for cultural diversity, and between regional control and an intrusive federal state. With freedom defined largely in terms of unconstrained marketplace behaviour, and an absence of state involvement in other civil society relations, these choices are both unavoidable and obvious within this new right perspective. The new right campaign rests on a redefinition of freedom that is inconsistent with widely endorsed post-war Canadian understandings, where modest state-assisted reductions in social inequality are seen to be pre-conditions of, rather than obstacles to, meaningful freedom for most citizens.

In the final section, we locate federal parties and some provincial parties since 1940 within three broad social contract models. Each model is divided into two sub-models. We classify them as follows:

- Reform, Canadian Alliance and post-1984 federal Progressive Conservative parties are operating within the “*market citizenship*” model, with Reform and the Alliance giving private market relations the greatest pre-eminence.
- Federal Progressive Conservatives before 1984, Liberals since 1940, and provincial NDP government parties all fit into the broader, more pragmatic “*brokerage citizenship*” model, in which political and social values moderately regulate the market and its values to sustain a modest welfare state and social/political pluralism. The NDP inhabitants of this model have been more inclined to let its egalitarian values constrain the market and sustain social protections than either the Liberal or Conservative governments.
- The federal CCF and NDP parties fit into the “*social democratic citizenship*” model in which political and social values play a large role in constraining the operation of the private market and its values.

Future Directions

Four crucial factors condition the restructuring of the Canadian social contract in 2002: the federal surplus and ongoing provincial fiscal constraints; North American integration; ethnic and cultural diversity; and intergenerational and international justice. All four are testing our commitment to basic Canadian value choices in the second half of the twentieth century – distributive equity, democratic inclusion, and support for state intervention in the economy.

- The changing fiscal environment has already led to revised roles and responsibilities for national and regional governments, and these will evolve further in the social contract packages over the next decades.
- The North American Free Trade Agreement and the attacks of September 11, 2001 will make it increasingly difficult for English Canadians – and perhaps Québécois – to translate their nationalist feelings into distinctive social, cultural and economic policies. Globalization and proximity to the United States constrain the policies Canadians choose, and also influence the values shaping the choices they wish to make. Yet neither these policies nor our values are pre-determined by American experience. Canadian parties and governments will thus, quite appropriately, continue to argue among themselves about policy expressions of Canadian sovereignty vis-à-vis the United States, and do so under substantial pressure from a wide range of civil society actors.
- Questions regarding the appropriate public and private instruments of cultural diversity in Canada have been contentious since the 1960s, and will continue to engage all Canadian governments and many political actors. Yet as more and more Canadians experience cultural diversity through public education and other activities, cultural diversity is likely to become a normal part of what Canada means, and therefore no longer be a contentious matter in public debate.
- Issues of inter-generational and international justice will be harder for parties and governments to ignore in coming years, with mounting evidence of environmental damage and resource depletion, and of increasing disparity in life chances among Canadians, and between First and Third World citizens.

Canadians will work through these four contentious issues in a broad range of specific policy debates over the next generation. To appreciate what is truly at stake in such debates, it will be crucial to be crystal clear about the values underlying each policy choice.

Looking back over the ways that public policies have been proposed and implemented by Canadian governments and political parties since 1940, we can see distinct patterns of value trade-offs, which we describe as ‘Canadian social contracts.’ In discussing how to construct a new social contract adequate to our needs and obligations in the 21st century, Canadians will once again be challenged to re-examine their basic value commitments.