

Ontario in the 21st Century: Ideas for Renewal: Responsibility

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Responsibility

- I want to talk about two kinds of responsibility today : Individual responsibility and collective responsibility.
- There is always some tension between them, and the equilibrium shifts over time.
- Self-reliance and compassion are the core social values which bear on responsibility. Both are deeply embedded in the Canadian psyche.

Self-reliance and compassion

- Self-reliance is core to success in a complex, competitive environment; it has roots in our pioneer days. But even in pioneer days, we had barn-raising; and we only managed to build the railroad through a public investment
- But the country has changed since then. What is the new equilibrium between individual and collective responsibility for Ontario (and Canada) in the 21st century?

Outline

- The post-war equilibrium
- The synergy between economic and social
- How Canada has changed
- How we have changed
- Vignettes of the new challenges
- What matters to Canadians in the 2000s
- Conclusion

The post-war challenge

- In the mid-1940s, Canada's leaders were determined to avoid another Depression
- Armed with the new Keynesian consensus, they planned for a more active role for governments -- economic and social
- The transition from a war economy included major investments in education and housing, plans for a welfare state, and active support for economic development
- The result was remarkable prosperity, more equality, and a rising middle class

The post-war contract

- The underlying contract with citizens was the following: You work and pay your taxes. We, the government, will use those taxes to provide protection against
 - Temporary unemployment;
 - Old age, ill-health
- And to help you qualify for a good job
 - Public education
 - Expanded post-secondary education
- The contract included a mix of rights, responsibilities and access

The post-war synergy

- What is synergy? It is when the whole is greater than the parts.
- The mix of social and economic policies chosen over the post-war period buttressed economic growth because:
 - It enabled more people to participate in the labour market and to earn a living wage
- It was supported by Canadians because
 - It expanded the middle class
 - It gave Canadians a sense of belonging and cohesion.
- A dynamic balance between individual and collective responsibility. A common citizenship.

Foundations of the synergy

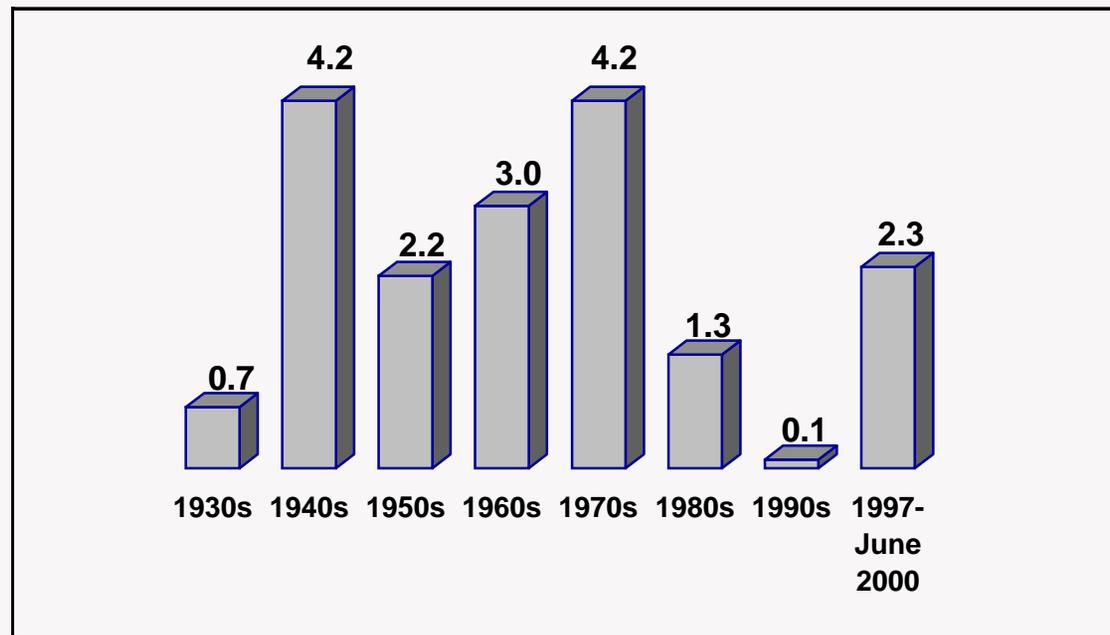
- Full employment -- unemployment was cyclical -- temporary
- One breadwinner per family, earning a “living wage” -- enough to support the family
- Sufficient public revenue to finance social protections, public education etc.
- For 30 years, governments were *fiscally prudent*. Social spending increased, but the public debt and tax rates declined

A turning point in the 1970s

- After 1975, everything changed
- The average rate of economic growth slowed dramatically in all the industrialized countries. The era of stagflation began.
- In Canada, governments did not adapt to the slower growth in revenues: so deficits and debt began to rise, and later taxes, too.
- For 20 years, we were in denial, tinkering with monetary and fiscal policies. That delay severely deepened the deficit.

Two decades of hard times

Growth In Real Disposable Income Per Capita*



*Compound annual growth rates; Decades are 1930-39; 1990-99 etc. 1997-June 2000 assumes January-June 2000 is an annual average for the purposes of calculation.

Source: Statistics Canada.

How Canada changed - at home

- Family

- Most women work; two earner families dominate; more one-parent families
- More people live alone -- youth, elderly; more couples are childless or have no children at home
- Transition from school to work takes place over an extended time -- delayed independence
- People are living longer; we are an ageing society

How Canada changed - at work

- Work

- After the mid-70s, the growth in real earnings stalled, earnings for young workers fell sharply
- Many jobs do not pay a “living wage” -- they do not support a family
- 7-24 living creates more shift and P-T work
- Responsibility for training / learning has shifted to workers
- More inequality in market income
- Job security is no longer guaranteed -- employers have shifted risk to the workers

How public policy changed

- Many policy guarantees have been eroded
 - Most transfers are now tightly targeted
 - Family allowances, EI, social assistance, etc
 - Access to learning (post-secondary and child care) is based on ability to pay
 - Hospital services are confined to the sickest; access to home and community care and drugs is uneven, and often requires private payment
 - User fees have been imposed for a wide array of licenses, services, recreation etc
 - Lack of affordable housing

How Canadians have changed

- Markets now determine who has more or less, who has access, who is excluded.
- Political institutions are less effective in resolving conflict, building consensus
 - Differences in views are more likely given more political and cultural pluralism
- During the hard times, self-reliance trumped collective responsibility
- Middle class has lost many cherished rights -- undermines solidarity
- Baby boomers still the dominant group

Where are we now?

- Economic house is in better order; Canada is far less vulnerable to the 2001 slowdown
- Demonstrated capacity to prosper in North American economy - new growth clusters
- Still have room to set our own course on social economic policy -- borders matter
- But cost of being different is higher, so we need a clear vision of what is important
- Need to establish a new synergy between social and economic policies

What are our handicaps?

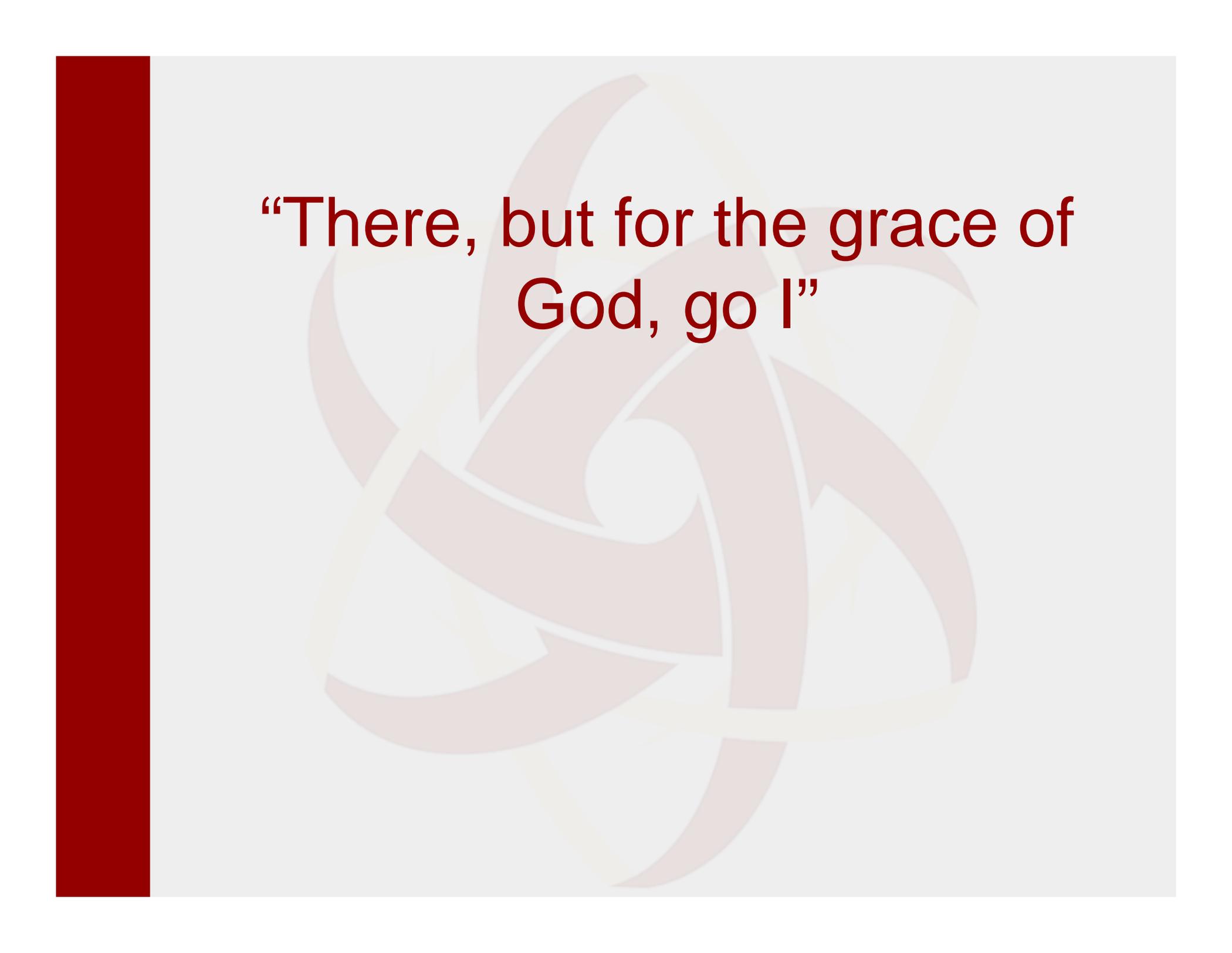
- Strong voices calling for convergence with United States
- Sense of helplessness in face of globalization
- Loss of bearings on core social values
 - How much to stress self-reliance? What is the role of government? What are the best forms of collective responsibility?
 - Leads to lack of consensus about the best policy choices for the new century

What are the new realities?

- Many families are not able to be self-sufficient, even with a job
- Many people who used to be cared for at home or in institutions are on their own
- Many jobs do not pay a “living wage”
- Lifelong learning is essential
- An ageing society has to balance interests across the generations
- What is the right equilibrium between individual and collective responsibility, going forward?

The welfare vignette

- Jean was a nurse working in a Toronto hospital. She fell on hard times.
 - She was laid off by the hospital in the mid 90s.
 - Her mother died
 - Jean got sick and used up her EI entitlement
 - She went on welfare. She fell behind on her rent. She lost her apartment
 - She moved in with her Dad. He couldn't stand the noise of the kids.
 - For a while she and the kids lived in her Dad's car. At last word, she was living in a welfare motel on Kingston Road.



**“There, but for the grace of
God, go I”**

The child-care vignette

- I met Edna on an open-line show.
 - “Why should I pay to care for my neighbour’s child?,” she asked me.
 - Her neighbour, Kate is 20. How will Kate manage work and care for her baby Simon?
- Fast forward 30 years: Simon is now 30.
 - Scenario A. Kate got the support she needed, and has coped well. Simon could be a fireman, an ambulance driver, a doctor.
 - Scenario B. Kate could not manage. Simon had a very unstable childhood, never finished school, never found a real job.

Simon's possibilities

- Scenario A: Edna is now 80 + and (like 20+ % of the population) needs financial and medical help. Simon asks:
 - Why should I pay taxes to support all those old people?
- Scenario B: Edna is now 80 and needs help. Simon and others who did not get help as children are not paying taxes -- in fact they need help with literacy, skills, finding a job. Or they may be in jail, at a cost to society

Why invest in children

- They have a right to a happy childhood
- If they get a good start in life, they later earn a good living, pay taxes, and participate in civic and political life.
- If the older generations ignore or reject today's children, they risk being ignored and rejected when they need help.
- A priority for an ageing society is to ensure that every child gets the best possible chance to become a healthy, productive adult.

Our collective responsibility

- What does a lone parent need?
 - Child care, training, affordable housing
 - Supportive parents, siblings, neighbours
- What does every child need?
 - Adequate income, effective parenting, and a supportive community
- What do adults down on their luck need?
 - Affordable housing, help in job search, literacy or other forms of training.
- What do people who are not employable need?
 - Income support, affordable housing, etc

A new equilibrium

- When markets dominate, more self-reliance is required of everyone
 - Individual responsibility to learn, work, save, look after one's family, contribute to community
- We invest in public goods to help people meet that individual responsibility
 - Promote self-reliance -- short or long-term.
 - Public goods are the enablers, and for some the last resort.
 - But, fiscal prudence is essential

What matters to Canadians

- Recent dialogue with 40 groups of citizens across Canada
 - Partnership with IRPP and the Atkinson and Canadian Pacific Foundations
- What are the top priorities for your quality of life?
 - Common themes across elites, youth, rural, urban, hard to reach
- They focussed on the social commons -- the collective goods

The social commons

- Political rights
 - Health care
 - Education
 - Environment
 - Social programs
 - Healthy economy, jobs
 - Safe and secure communities
- In discussing these issues: Citizens worry about access and quality, *and* accountable government

Concluding comments

- The political process has to produce the new equilibrium between individual and collective responsibility, and the new synergy between economic and social.
- It takes courage to venture into new territory, but it is not necessary to lurch to the left or to the right.
- You can choose the radical middle -- the mix of economic and social policies that work for this time in our history.
- Good luck!



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