



CPRN RCRPP

*The Economic Dimensions of Social Cohesion
in Canada*

*Presentation
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Capitalism –past and future

	19th Century	21st Century
Land	Farms, fish, trees, minerals	+ clean air, water, soil
Labour	Strong back, no education	Educated problem solver, team player, communicator
Capital	Money, buildings, tools	+ embedded knowledge, social connections, trust
Government	Transport, justice, military, trade	Legal frameworks, regulation, information, research, social services etc.
Charity	Religious orders	+ community agencies, social services etc.

Two notions of competitiveness

Cost Minimization

Short-term survival

Minimal payroll – layoffs, part-time, casual, temporary work

Economic insecurity – low wage ethic, no benefits

No employer investments in training

Breakdown of mutual trust, loss of loyalty

Long-run Dynamic Growth

Long-range thinking

No life time guarantee, but recognition that employees embody the intellectual capital of the firm

Wages and benefits designed to foster loyalty

Invest in learning, build human capacity

Build loyalty of employees, customers, local community (i.e. invest in social connections)

Which way are we heading?

Pessimistic view of work

Jeremy Rifkin, *The End of Work*

“... new and more sophisticated software technologies are going to bring civilization ever closer to a new workerless world.”

Optimistic view of work

William Bridges, *JobShift*

“...the modern world is on the verge of a huge leap in creativity and productivity Although there will always be enormous amounts of work to do, [it] will not be contained in the familiar envelopes we call jobs. In fact, many organizations are well along the path toward being “dejobbed”.”

Major trends reshaping work

- **Individuals**

Demographics, work and family, stress and quality of life, work values

- **Workplace**

High performance models of work organization, bottom-line focus, barriers to change, crisis in management

- **Economy**

Globalization of markets, information technology, knowledge economy

- **Government**

Erosion of welfare state, focus on self-reliance

Perspectives on inequality and polarization

1. Market perspective

Earnings inequality tracks the differences in earnings between high paid and low paid workers.

- Looking at all workers together, earnings growth at the bottom end of the spectrum has been roughly similar to the top.
- But there is a sharp difference between young and old men. Earnings of young men fell drastically in the early 1980s and fell again in the early 1990s.
- Earnings inequality has changed very little among women since the mid-1980s, but again earnings of young women have fallen well behind earnings of older women.

Source: Garnet Picot, "What is happening to earnings inequality and youth wages in the 1990s?" in Canadian Economic Observer, Sept. 1998

Earnings polarization occurs when the number of people in low paid and high paid jobs increases.

- There was a tendency for the jobs of all workers to polarize in the 1980s – jobs in the middle range of earnings were disappearing.
- In the 1990s, the jobs of men have polarized, but the jobs of women have been converging. The two contradictory trends tend to offset each other.

Perspectives on inequality and polarization

2. Societal perspective

Family income polarization accounts for changes in taxes and transfers and combines the earnings of all workers in a household.

- There has been a growing concentration of families in the low income cluster since 1980, reflecting demographic and labour market trends
 - the rising incidence of lone parenting
 - the low earnings of younger workers
 - the higher incidence of men who do not work and are not in the labour force (offset in part by more women in the work force, but women earn less than men); and
 - more unemployment
- And public policy trends, including
 - higher rates of taxation, overall
 - and cuts in social transfers for EI, social assistance etc.

Overview

In general, the elderly have not experienced these trends. The position of women in the labour market has been improving over the past two decades.

But

- the situation of young men and of unskilled workers has deteriorated dramatically over this time frame; and
- the growing number of lone parent families leaves many women and children in a high degree of economic insecurity

This raises important questions about the ability of the younger generation to join in the relative prosperity of Canadian life.

Two scenarios for Canada

Polarization

- Gated communities, growing underclass of unskilled and alienated citizens
- Lower social expenditures, but higher security costs
- Destruction of mutual trust

Resilience

- Focus on helping citizens and institutions to adapt and to participate in economic life
- Redefines the rights and responsibilities of citizens, employers, community, and state in creating mutual security
- Builds mutual trust and reciprocity

If Canada wishes to avoid the polarization scenario, it has to rethink the way institutions are functioning in the new knowledge society.

- There is a need for new ways of sharing risk and resolving conflict
- Economic and social policies are interdependent
- Governments are working in collaboration with many other actors in society
- Canadians actively work to strengthen social cohesion

Cornerstones of a resilient society

- A *learning* society from cradle to grave, so . . .
education, training, and early childhood development are investments
- The *caring* role of the family is valued, and therefore . . .
supported by employers, governments, and communities
- Progress of society is measured by tracking *outcomes across social and economic* indicators, . . .
not by size of total GDP or total government spending
- The pursuit of equity means *creating opportunity* for citizens to achieve their potential, . . .
not by treating each citizen equally
- New forms of *collective action* (risk sharing) are fostered by all the stakeholders