



Judith Maxwell

Social policy is not just the ambulance for economic policy.¹

Nor, I would add, is good social policy a brake on economic growth. The two work together in a remarkable synergy, which we can document at the macro level of society as well as in the daily lives of Canadians at home, at work, and in their communities. Canada lost that synergy in the hard times of the 1980s and 1990s,² and our task now, at the start of a new century, is to create a new one that links our social and economic lives into a positive sum game.

The success and well-being of any individual depends on his productive capacity and his social capabilities. A rich man who lives in isolation has nothing but his riches. A Ph.D. in engineering cannot achieve her full potential if she cannot be a team player who relates well to her colleagues, clients and suppliers. A corporation that ignores the needs and values of customers and employees will see a direct hit on the bottom line, no matter how efficient it is.

Executive Director of Voluntary Agency:
 “Judith Maxwell is an amazing woman, a rare economist whose views are based on information and evidence, not ideology.”

PRESIDENT'S MESSAGE

I am arguing that it is people that make an economy go. The economy is not a machine to produce widgets, it is a complex organism driven by human capacity. And people function best when they are self-reliant *and* living in supportive environments.³

If we understand the four fundamental enabling conditions for human development, we can all do a better job in our leadership roles in the public, private, and nonprofit sectors. The four enabling conditions are:

Adequate income

Preferably earned income sufficient to buy food, clothing, shelter, and transportation, but transfer payments are needed when earned income falls below “adequate.”⁴

Close personal networks

Family members, neighbours, friends who provide companionship, mutual respect and support, help with problem solving and serve as “networks” to connect the individual to the wider society.

Supportive communities

People-friendly neighbourhoods and workplaces,⁵ opportunities for give and take in recreation and in volunteering, a sense of physical safety on the streets, access to spiritual and cultural resources.

Effective public services

Access to good quality education, health care, public transportation, a respected justice system.

CPRN originally developed this concept of enabling conditions in our work on early childhood,⁶ but further work in the past two years shows that adults’ success also depends on their access to family and community resources.⁷

CPRN Events and Publications for the period July 2000 – June 30, 2001

2000

July 7, 2000, Ottawa
 School-aged Children across Canada,
 Advisory Committee Meeting

August 11, 2000
*Public Sector Labour Relations in an Era of
 Restraint and Restructuring*, Gene Swimmer

August 31, 2000
*Learning to Engage: Experiences with Civic Engagement
 in Canada*, Miriam Wyman, David Shulman, Lori Ham

Federal Minister:

"I have told my senior officials to read Judith Maxwell's Reflexion on Canada's Social and Economic Choices."

There is a remarkable interdependence between people and place, and between income and services.

For example, even modest incomes can be inadequate if there is no affordable housing⁸ or if people have to pay for their own education and health care.⁹ And parents can balance their work and family responsibilities better if the workplace offers flexible hours and work arrangements,¹⁰ and if there is a reliable neighbourhood day care centre.

Synergy has been lost in the past few decades because economic and demographic trends in many industrialized countries have put these enabling conditions at risk.

- The migration of jobs from inner cities to suburbs has left city residents without cars stranded – unless there is good public transit.
- The trend toward larger, more distant grocery stores creates a severe economic disadvantage for inner-city poor families.¹¹
- Shrinking family size and the mobility of younger generations has created distances that make close family ties ineffective. This has been compounded by the frequency of divorce and separation.
- Education and skill have become the key influence on employment and income, leaving those with limited human capital at a clear disadvantage.¹² Yet, 13 percent of young people aged 25 to 29 have not completed high school, and another 29 percent have only a high school education.¹³

- The remarkable explosion of wealth created by the "new economy" has magnified the tendency for both rich and poor to cluster in their own neighbourhoods.¹⁴
- Citizens are now expected to pay a greater share of the costs of education (early childhood and post-secondary), to provide more of their own ancillary health care services, and to invest in their own "employability."

As these trends have gained momentum in Canada and in other industrialized countries, social analysts in many industrialized countries have begun to focus on a growing core of people who have been "left behind."¹⁵

Frank Graves of Ekos Research Associates refers to an emerging underclass of Canadians who are completely disengaged from society – anomic. About 30 percent of the population in Canada report that they have lost all control over their lives. About half of them seem to be stuck in this state, year after year. And the disturbing fact is that young men are over-represented in this group. When Michael Hatfield identified distressed neighbourhoods in Canada, two distinguishing factors were: a) at least 2 in 5 youth were not in school; and b) at least 1 in 3 men were not working full time.¹⁶

Alice Rivlin, former Vice-Chairman of the Federal Reserve Board, and now a Senior Scholar at The Brookings Institution has reflected on these trends as follows:

"The biggest challenge of affluence is to make the economy more inclusive – to substantially and visibly open up opportunities to those that are not now able to participate – and to do that in ways that will enhance rather than destroy the productivity growth that makes the affluence possible. This will take a double agenda – a people agenda and a place agenda."¹⁷

September 6, 2000
Towards a New Concept of Health: Three Discussion Papers,
Sholom Glouberman, Sari Kisilevsky, Phil Groff, Catherine Nicholson

September 22, 2000
NetworkNews, Number 10

September 25, 2000, Ottawa
Workshop on Marginalization

She argues that the people agenda cannot succeed without a place agenda – building thriving communities in places that have been left behind.

The place agenda marks the return of an important theme in social policy. (In the past few decades, Canadians have focussed on “regional development” but have ignored cities and neighbourhoods.) This agenda presents old dilemmas and new opportunities.

One of the old dilemmas is mobility. Should we encourage people to leave the neighbourhood? Should we try to move jobs and services into the community? Or, is the answer better transportation systems?

Another old dilemma is how to create the education and skill opportunities that will help the new generations become upwardly mobile. Schools in the distressed neighbourhoods face far greater challenges than those in more prosperous areas because many of the children arrive at school hungry, distracted, and without the social and cognitive skills that enable them to learn.

Inside the dilemmas are promising opportunities to integrate the social and the economic in the place agenda.

- If a neighbourhood has a large number of idle, unschooled and anomic young men, why not offer apprenticeship programs at an early age, before the cynicism takes over? Being actively employed and learning a trade can build self-esteem in the short run and lead to a high earning capacity in later years.
- If there is a lack of affordable housing of good quality, why not mobilize underemployed people (including the apprentices) to repair, clean, build and maintain new units? Taking control of the housing problem is a first step toward responsible citizenship.

- If the local school is struggling to serve a deprived and hopeless population, why not make it a beacon school with the leadership and resources it will need to help that population become part of the mainstream?

There is no single order of government that owns this place agenda. City, provincial, and federal governments all have a stake through the income supports and services they are already providing. These concentrations of poverty and social distress are costly for all three governments – as they are breeding grounds for crime, poor health, and dependency.

Investing in these communities will bring hope today and self-reliance tomorrow, and, at the same time, contribute to the economic well-being of all Canadians. This way, social policy is integral to economic success. And that's synergy!


Judith Maxwell

Postscript

The terrible events of September 11, 2001, took place after our annual report went to the printers. Clearly, the context for public policy shifted as a result of those events and Canadians have begun to rethink many established assumptions.

The history of recent major wars, from the Boer War onward, shows us that victory requires concerted action on the home front, including both economic and social policy. In wartime, governments have planned and begun to implement some of the most important shifts in social programming. These initiatives have, in turn, made an important contribution to our economic success.

The lesson of history is that this is precisely the moment to advance, not to postpone, innovative social and economic policies.

J. M.

September 29, 2000
The Health Field Concept Then and Now: Snapshots of Canada, Phil Groff, Susan Goldberg

October 4, 2000
Women and Corporate Directorships in Canada: Trends and Issues, Karen Hughes

October 23, 2000, Ottawa
Towards a New Perspective on Health Policy, Roundtable

Notes

- ¹ Comment by Marc Renaud, President of the Social Sciences and Humanities Research Council, during a panel discussion at the Policy Research Conference: Creating Linkages, October 1-2, 1998.
- ² Maxwell, Judith, 2001, *Toward a Common Citizenship: Canada's Social and Economic Choices*, CPRN REFLEXION, Number 4, www.cprn.org
- ³ For a longer discussion of this interdependence, see Glouberman, Sholom, 2001, *Towards a New Perspective on Health Policy*, CPRN Study No. H|03, www.cprn.org
- ⁴ For a discussion of the measures of income adequacy, see HRDC *Applied Research Bulletin*, Volume 7, Number 1 (Winter-Spring 2001), www.hrdc-drhc.gc.ca/arb
- ⁵ Lowe, Graham S. and Grant Schellenberg, 2001, *What's a Good Job? The Importance of Employment Relationships*, CPRN Study No. W|05, www.cprn.org
- ⁶ Stroick, Sharon M. and Jane Jenson, 1999, *What Is the Best Policy Mix for Canada's Young Children?* CPRN Study No. F|09, www.cprn.org
- ⁷ MJ Wason interviewed a number of families on income assistance in British Columbia in 1997 and found that the only ones that were thriving were those who enjoyed the steady support and companionship of close family members. Michalski, Joseph H. and Mary-Jean Wason, 1999, *Labour Market Changes and Family Transactions*, CPRN Study No. F|07, www.cprn.org
- ⁸ Cooper, Merrill, 2001, *Housing Affordability: A Children's Issue*, CPRN Discussion Paper No. F|11, www.cprn.org
- ⁹ Maxwell, Stephanie, Marilyn Moon, and Misha Segal, 2001, *Growth in Medicare and Out-of-Pocket Spending: Impact on Vulnerable Populations*, *The Commonwealth Fund* www.cmwf.org/programs/medfutur/maxwell_increases_430.asp Older, low-income women in the United States spent an average of \$5,969 in out-of-pocket health expenses in 2000. The burden on Canadians is far less.
- ¹⁰ Duxbury, Linda and Chris Higgins, 2001, *Work-Life Balance in the New Millennium: Where Are We? Where Do We Need to Go?* CPRN Discussion Paper No. W|12, www.cprn.org
- ¹¹ This disadvantage was identified in the 123 GO program launched by Centraide du Grand Montréal to help neighbourhoods rebuild from within.
- ¹² Gender and race have become much less significant in explaining differences in earnings. See Robert I. Lerman, *Meritocracy Without Rising Inequality? Wage Rate Differences Are Widening by Education and Narrowing by Gender and Race (September 1997)*, Number 2 in Series, "Economic Restructuring and the Job Market," Urban Institute, <http://www.urban.org/econ/econ2.htm>
- ¹³ Statistics Canada, 2000, *Education Indicators in Canada: Report of the Pan-Canadian Education Program 1999*, Ottawa, Statistics Canada and Council of Ministers of Education of Canada.
- ¹⁴ Myles, J., G. Picot and W. Pyper, 2000, "Neighbourhood Inequality and Canadian Cities," Statistics Canada, Business and Labour Market Analysis Division, No. 160, www.statcan.ca; and Hatfield, Michael, 1997, "Concentration of Poverty and Distressed Neighbourhoods in Canada," Applied Research Branch, Human Resources and Development Canada, No. W-97-1E.
- ¹⁵ New Zealand Treasury, "Towards an Inclusive Economy," May 2001, www.treasury.govt.nz; see also "Preventing Social Exclusion," Report by the Social Exclusion Unit, UK Cabinet Office, March 2001, www.cabinetoffice.gov.uk/seu/index.htm
- ¹⁶ Hatfield, op. cit., p. 16.
- ¹⁷ Rivlin, Alice, 2001, "The Challenges of Affluence," *The Journal of the National Association for Business Economics*, Vol. XXXVI, No. 1, January 2001, p. 11.

November 6, 2000, Ottawa
School-aged Children across Canada:
A Patchwork of Public Policies, Roundtable

November 17, 2000
Thinking about Marginalization:
What, Who and Why?, Jane Jenson

December 11, 2000, Ottawa
Affordable Housing:
A Children's Issue, Roundtable

December 12, 2000, Ottawa
Asking Citizens What Matters
for Quality of Life, Workshop