

CANADA AS A “STATE OF MINDS” IN THE KNOWLEDGE ERA

Thomas J. Courchene

In the Information Age, writes Tom Courchene, “the knowledge revolution is privileging human capital in much the same way as the Industrial Revolution privileged physical capital.” If he were to propose a mission statement for Canada in the Information Age, he would design “a sustainable, socially inclusive and internationally competitive infrastructure that ensures equal opportunity for all Canadians” to develop those skills and assets in human capital. We will succeed in the Information Age, he concludes, “only to the extent that we succeed in creating a world-class made-in-Canada social infrastructure.”



À l'ère de l'information, écrit Tom Courchene, « la révolution du savoir privilégie le capital humain à peu près comme la révolution industrielle l'avait fait du capital physique ». S'il devait proposer un énoncé mission pour le Canada en cette ère cruciale, l'auteur y intégrerait la création d'une « infrastructure durable, inclusive et mondialement compétitive qui assure l'égalité des chances à tous les citoyens », de manière à ce qu'ils puissent développer leurs atouts et compétences en matière de capital humain. Car nous pourrions prospérer à l'ère de l'information à la seule condition de « créer une infrastructure sociale proprement canadienne de calibre international ».

History will no doubt proclaim 1985 to be the date of birth of the Information Age, this being the year when Internet access was made available to one and all. This means that this year's university graduates have lived their entire lives in the Information Age. “Let's Make Canada a State of Minds” is an appropriate title for a reflection on the opportunities and challenges of this knowledge era.

Let's begin with some of the opportunities. Here, the news is very exciting. Despite its scientific and technological underpinnings, the remarkable feature of the Information Age is that citizens in their economic, political and social roles are emerging as its principal beneficiaries. Indeed, the potent combination of the democratization of technology and of information is bestowing on citizens, individually and collectively, a degree of knowledge, influence and power hitherto unimaginable.

This impact of the march of technology on citizens has been aptly captured by Lawrence Grossman, former head of NBC News:

- Printing made us all readers;
- Xeroxing made us all publishers;
- Television made us all viewers; and [now]
- Digitization makes us all broadcasters.

Relatedly, although the “third sector” or voluntary sector has long existed, its Information Age and citizen-empowered variant — civil society — is in ascendancy everywhere

and is taking its rightful role alongside business and government as an institutional pillar of modern societies.

While this civic and political ascendancy of citizens is to be celebrated, citizens are also taking centre stage on the economic front by creatively and productively applying their knowledge and skills (“human capital”). The profound reality here is that the knowledge revolution is privileging human capital in much the same way as the Industrial Revolution privileged physical capital. This means that human capital is on the cutting edge not only of competitiveness but, progressively as well, of innovation and, therefore, productivity.

Indeed, social policy as it relates to the broadening and deepening of education and skills now falls squarely in the domain of Information Age economic policy. MIT's Lester Thurow capsulized this new reality as follows:

If capital is borrowable, raw materials are buyable and technology is copyable, what are you left with if you want to run a high-wage economy? Only skills, there isn't anything else.

When we put all of this together we discover that the Information Age is presenting Canada with a historic window of opportunity. Beyond the reality that information empowerment is increasingly the cornerstone of meaningful citizenship, a commitment to a human capital future is

the principal avenue by which to succeed in terms of both economic competitiveness and societal cohesion and justice.

This has led me to propose a mission statement for Information Age Canada. Without much fear that anyone might be tempted to set it to music, the mission statement reads as follows:

Design a sustainable, socially inclusive and internationally competitive infrastructure that ensures equal opportunity for all Canadians to develop, to enhance and to employ in Canada their skills and human capital, thereby enabling them to become full citizens in the information-era Canadian and global societies.

I submit that this captures the essence of what being a Canadian must mean in the Information Age.

A serious challenge was posed in 1997 by Harvard's Dani Rodrik: how do we ensure that increasing international economic integration does not lead to increasing domestic social disintegration? While the rising returns on human capital benefit individuals, this leads to a rising societal gap between the skilled and unskilled. Moreover, while the less-skilled workers tend not to be mobile internationally, often their *work* is! Beyond ensuring that Canada remains a sharing community, my recommendation would be for a Charter of Children's Rights that would incorporate some reference to equality of access to a human capital future, starting with access to pre natal care. This is about more than spending dollars on daycare: it is also and perhaps foremost about a societal commitment to equalizing life chances. There has to be a corresponding "mind of state" to underpin our journey toward making Canada a "state of minds."

Since human capital and talent are mobile internationally we must ensure that they do not become one of our principal exports. Therefore, our taxation and enterprise climate must be at least on a level playing field with that of our trading partners.

While this civic and political ascendancy of citizens is to be celebrated, citizens are also taking centre stage on the economic front by creatively and productively applying their knowledge and skills ("human capital"). The profound reality here is that the knowledge revolution is privileging human capital in much the same way as the Industrial Revolution privileged physical capital. This means that human capital is on the cutting edge not only of competitiveness but, progressively as well, of innovation and, therefore, productivity.

This is not the constraint in terms of pursuing a generous social envelope that it might at first appear, since most of our redistribution comes from the expenditure and tax-expenditure side of the budget.

To this point the focus has been on competitiveness and cohesion in terms of citizens. But the influence of a human capital perspective, as befits a paradigm shift, also has a profound influence on a broad range of Canada's policies and institutions. I will limit my focus to three areas — medicare, cities and universities. But I want to preface this analysis by a personal reflection which highlights the role of Canada's social infrastructure as the cornerstone of our human capital future. As a consumer of tradable goods and services, I have absolute confidence that five or ten years hence, I will have access to state-of-the-art banking and finance, for example. If Ottawa is foolish enough not to privilege Canadian firms to supply my needs, then the combination of the Internet and the internationalization of finance will be more than happy to do so. But as a consumer of essential public services I have no such long-term guarantee that I will always be able to get state-

of-the-art-services. Since "importing" medicare or training is possible only for a select few, the reality is that we are collectively responsible for designing and implementing the next generation's social infrastructure; that is, it has to be made in Canada, for

Canadians and by Canadians. And let there be no doubt about the fact that we will succeed in the Information Age only to the extent that we succeed in creating a world-class made-in-Canada social infrastructure.

Now what makes this challenge more daunting is that we do not know what this world-class infrastructure should look like. As we all know, it was Saskatchewan's experimentation that gave Canada medicare. We will need to engage in similar learning-by-doing across much of our social envelope, and in this process the provinces as "experimenters" will be our most important allies (with the proviso that they are operating within nationally agreed-upon parameters).

In the knowledge era health care is emerging as one of the leading-edge sectors for research, innovation and exports, and it is the employer of a wide range of high-level human capital in areas such as information technology, diagnostic services, biotechnology, imaging systems, research, management, to name but a few. Then there are the treatment professions themselves.

In order for health care to become this dynamic engine of innovation, growth and employment, it will need a significant infu-

sion of physical, financial and human capital. But the health care sector is most unlikely to receive this requisite capital infusion as long as we continue to view it as wholly or largely a *social policy endeavour*. Failure to be in the forefront of these remarkable diagnostic, treatment and service delivery innovations will

global economy. Part of the challenge is that Canada’s GCRs are, in the international context, fiscally weak and jurisdictionally constitutionless. To add insult to injury, Ottawa views these GCRs as places to redistribute from. But since our standard of living will depend on how our GCRs fare relative to those south of the border,

excellence that will drive innovation, and benefit the entire PSE section. Finally, if tuition rates are destined to increase, access concerns dictate that first-year tuition be as low as is possible. This will permit a wider spectrum of students to “sample” university and then have a better idea of what they are “buying” if they continue (hopefully with access to income-contingent repayment schemes).

As a consumer of essential public services I have no such long-term guarantee that I will always be able to get state-of-the-art-services. Since “importing” medicare or training is possible only for a select few, the reality is that we are collectively responsible for designing and implementing the next generation’s social infrastructure; that is, it has to be made in Canada, for Canadians and by Canadians. And let there be no doubt about the fact that we will succeed in the Information Age only to the extent that we succeed in creating a world-class made-in-Canada social infrastructure.

arguably undermine our ability to maintain access to state-of-the-art medicare and to ensure that the health sector will achieve its potential as a premier employer of Canadian talent. My view is that Michael Kirby’s Senate report is on the right track with its *CHA* consistent approach that would maintain our single-payer system but would welcome private provision within this public-funding environment.

By way of a final observation, medicare is largely about consumption, while skills/human-capital accumulation is largely about investment. While Canadians are right to insist that we must safeguard medicare, our Information Age future requires that we must at the same time guard against consumption crowding out investment.

Because the so-called global city regions (GCRs) can reap the innovation and productivity benefits arising from their dense concentrations of human capital, they have become the key coordinating and integrating networks in their regional economies, and the dynamic national nodes in the international networks that drive growth, trade and innovation in the

the challenge will be how, not whether, to find ways in which these GCRs can be integrated more fully and more formally into the structures and operations of fiscal and political federalism.

A funny thing happened en route to the Information Age: with the democratization of technology and information, universities have lost their traditional monopoly over knowledge. While they obviously remain vital in fostering a human capital society, today they are also becoming key nodes in knowledge networks (business, government and civil society). I have three modest recommendations relating to citizen access. First, there is a need for transparent transfer arrangements between universities and (technical) colleges so that students can combine training with a liberal education, and also so that university doors become more open to those whose background/culture leads them initially to consider only the college route. Second, Canada needs a few research-intensive universities which can afford the costly inputs that will allow them to be national centres of

In this season of Lord Stanley, I conclude with the words of Wayne Gretzky, Canada’s philosopher of winter: “I skate to where the puck is going to be, not to where it’s been.” I trust that I have been clear about my belief that the Information Age puck

will be in the human capital corner. And the goal will be to design and implement Canada’s Information Age social infrastructure. This is especially relevant to a class of graduates from education, social work and continuing education, because there is no group better positioned to accomplish this goal. Not only will this be exciting, it will be a nation-building exercise. Now that our “ribbons of steel” are shifting away from their traditional east-west orientation and are refocusing north-south, our human capital social infrastructure must become our new integrating east-west railway.

Sir Wilfrid Laurier proclaimed that the 20th century would belong to Canada. The next generation’s challenge will be to ensure that the 21st century will belong to *all Canadians*.

Contributing Writer and IRPP Senior Scholar Thomas J. Courchene is also Jarislowsky-Deutsch Professor of Economic and Financial Policy at Queen’s University. Adapted from a convocation address at the University of Regina, in his home province of Saskatchewan, June 8, 2007. tom.courchene@queensu.ca