

by Roy Romanow

# REINFORCING "THE TIES THAT BIND"

*Au cours des dernières années, l'union sociale canadienne a subi les contrecoups des mesures unilatérales d'Ottawa. Selon l'auteur, Ottawa aurait dû travailler de concert avec les provinces pour redéfinir le système de transferts fiscaux, plutôt que d'imposer unilatéralement des compressions de 6 milliards de dollars, comme il l'a fait dans son budget de 1995. Tous s'entendent au pays sur le besoin de normes nationales en matière de programmes sociaux et le pouvoir de dépenser du gouvernement fédéral a un rôle à jouer dans la protection de ces normes. Toutefois, le gouvernement fédéral peut miner irrémédiablement les initiatives provinciales en établissant de façon unilatérale ses propres programmes sociaux ou en réduisant de son propre chef les fonds destinés aux programmes à frais partagés. La recherche d'un juste équilibre est la principale difficulté qu'ont à surmonter les responsables politiques qui négocient actuellement les modalités d'une nouvelle union sociale canadienne.*

## Introduction

Canada has been described as the first truly post-modern nation. This may not be a compliment if it implies a weak set of overarching values and fragmented national identity. In a widely dispersed and disparate nation such as ours, how do we establish a Canadian identity? What are the "ties that bind?"

On the whole, our mosaic of cultures, backgrounds, ethnicities and languages has been a blessing for our young nation, whose diversity has bred a tolerance that makes Canada a model for the world. We have economic ties, common institutions, a Constitution, a common — if difficult — history. All of these things serve to join us together in an identity as Canadians. But most of all, I think we are joined together by a common vision. Moreover, at the core of that common vision is an understanding of Canada as a social union as well as an economic and political one. In fact, social policy has now become a vital part of what keeps this nation together. We can only further benefit as a nation by defining a true social union and one that meets the needs of citizens.

## Social policy

Throughout our history, Canadians have consistently tempered a highly individualistic American ethos with one that balances the needs and aspirations of the individual with the needs of the community. We want the liberty to determine our individual futures but we also want the institutions, policies and structures which ensure that everyone in this society has as equal an opportunity as possible to pursue these dreams. A central part of this balance is the "social safety net" built by Canadians and their governments since the Great Depression as a protection against the major and often unavoidable risks of life.

First, we developed income assistance in the form of old age pensions, unemployment and disability insurance, all initiated by the federal government, as well as hospitalization, pioneered by Saskatchewan in 1947 (and then adopted nationally in 1958). Then, by the 1960s and 1970s, we had moved beyond providing basic security. We extended and improved our system of free public elementary and secondary education, made our system of post-secondary education more affordable and therefore more accessible, replaced a patchwork of income support programs that were based on personal characteristics with a universally accessible system of income support, and implemented a comprehensive medical care system.

The result is a network of programs, policies and institutions that benefit all Canadians either directly or indirectly. Together, these developments delivered greater equality of opportunity as much as they provided greater security. Through the debates that accompanied the introduction of these policies, Canadians began to articulate the values that provided the foundation for these policies — we started to define what we call a "social union."

The common values that underlie the postwar social contract have been challenged in recent years but are still very strong. The Saskatchewan experience suggests that our Canadian values of community, sharing and equality of opportunity remain deeply held and largely unchanged. Similarly, a 1995 study released by Canadian Policy Research Network (CPRN) showed that compassion, sharing, equal opportunity, equity, fairness and collective responsibility are deeply rooted Canadian values. Our social union is still intact; the foundations for the programs created in the post-war era are still relevant to Canadians.

However, while the values remain intact, there is a series of changes that must be taken into account in modernizing the social union. For example, the social union must take into account increasing globalization and the decreasing importance of national economies and, as a consequence, the increasing ineffectiveness of Keynesian fiscal policy. The Canadian social union must also contend with:

- chronically slower rates of economic growth and more public debt putting a severe financial strain on governments at all levels in delivering existing social programs; and
- the continual and very real threat of Quebec's secession from the federation.

### **Social policy reform in an era of public debt**

Higher debt has contributed to higher taxation and a greater concern by Canadians as to how their tax money is spent. The CPRN study demonstrated that while Canadians continue to have a compassionate and sharing outlook, they are now also demanding greater transparency, accountability and effectiveness. Therefore in modernizing and refining our social programs governments should build in greater transparency by explicitly stating goals and objectives and build in greater accountability by explicitly stating who will be responsible for what. All governments must also strive for greater effectiveness and efficiency by systematically evaluating programs against the previously agreed to outcomes.

All of these actions will ensure a better allocation of scarce resources and, most important, allow for regular improvements in program design and service delivery. These actions will also provide objective and relevant information to citizens in their various roles as taxpayers, clients and social program deliverers. This has been demonstrated in Saskatchewan. In undertaking social policy reform, the Government has not merely wanted to save money. Rather, the goal is "service excellence," to deliver the best possible services to those in need at the lowest cost. This is different from a one-dimensional desire to reduce costs or make access to the social safety net more restrictive.

However, progressive social programs are difficult to sustain in the long run without the participation of the federal government. Even as the Government of Saskatchewan began to outline the Saskatchewan Child Benefit in 1992, it was clear that it would only be sustainable as a national initiative. Working with the territories, the federal government and other provinces such as British Columbia who were pioneering a new initiative for children, we developed the concept of a National Child Benefit, the first new national social program in 30 years.

### **The strains on the federation**

Canadians now have "as much history as geography." Canadian federalism has been challenged since the mid-1970s with the repeated election in Quebec of governments dedicated to removing Quebec from the federation, two referenda on secession, two failed efforts at constitutional reform, and years of federal-provincial squabbling over jurisdiction. Yet we continue to try and foster unity in a variety of ways. In Calgary last fall all Premiers except the Premier of Quebec drafted a declaration of principles designed to reflect Canadian values. This declaration could act as a guide for the renewal of our political union.

In light of the strong public support for the declaration, it is clear that Canadians remain committed to one another, notwithstanding recent difficulties. In its recent decision on the secession reference, the Supreme Court of Canada, quoting the submission of the Attorney General for Saskatchewan, described our union in this way: "A nation is built when the communities that comprise it make commitments to it, when the communities that comprise it make compromises, when they offer each other guarantees, when they make transfers and perhaps most pointedly, when they receive from others the benefits of national solidarity. The threads of a thousand acts of accommodation are the fabric of a nation." Renewing social policy and strengthening our social union will reinforce this sense of commitment.

### **Defining and negotiating the social union**

A social union is not merely the sum of the social programs in the country; it is something deeper, something that is formed from the values mentioned earlier, something that explains why we have the social policies we do. Margaret Biggs, in another study published by the CPRN, argued: "The social union embodies our sense of collective responsibility (among citizens), our federalism pact (between and across regions), and our governance contract (between citizens and government)."

According to this definition, federalism makes the Canadian social union more complex and more diffi-

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cult to manage than the social union of a unitary state or even federations in which authority for social policies is not divided. Yet federalism also makes the Canadian social union richer and more responsive to the citizen. It allows for programs and services to be provided to Canadians by the government most suited to the job. While this means that governments spend a lot of time negotiating and co-operating (or competing), it also fosters a vibrant "marketplace of ideas" about social policy. This allows the citizen to see different ideas in action and compare their effectiveness. Witness Saskatchewan's invention of Medicare in 1962. On the other hand, the federal spending power gives the federal government the opportunity to encourage all provinces to adopt ideas that have become broadly supported throughout the nation so that all citizens can benefit from equal access to new social programs. Indeed, from the vantage point of 1998 it is clear that a relatively clear division of powers, combined with the federal spending power, was not only compatible with good social policy, but in a vast country such as Canada, actually facilitated it.

However, the Canadian social union has been challenged in recent years by the unilateral actions of the federal government. Ottawa has ignored the federal nature of the country and how this influences the shape of the social union. The federal government could have, and should have, worked with the provinces in redesigning the federal transfer system and assisting in the redesign of provincial delivery systems. Instead, in the 1995 budget, the federal government unilaterally imposed a \$6 billion cutback in transfers to the provinces for health care, post-secondary education, and social services. In order to repair and rebuild the social union, the proposed framework agreement will define the roles and responsibilities of governments and define how they are to work together in co-operating to modernize and maintain our social union.

There is a national consensus on the need for social programs to protect the portability, comparability, accessibility and quality of benefits. Thus leaving social program design entirely within the power of individual provinces, acting unilaterally, would fail to show the necessary respect for this national consensus. Thus, we need national standards, and the federal spending power that is used to protect them. But at the same time, the federal government can smother provincial experimentation by unilaterally setting up social programs in isolation from the provinces as well as making unilateral decisions to remove funding from shared-cost programs. Finding the right balance between these two ends of the spectrum is the main challenge facing those who are negotiating the framework agreement on the

Canadian social union.

The framework negotiations will provide three opportunities to strengthen the social union. First, they can address the Canadian citizen's desire for greater transparency, accountability and effectiveness by establishing common goals, clarifying roles and responsibilities, and building in more objective outcome measures. Second, they can restore the confidence of Canadians that governments are working together to maintain the social safety net in the face of globalization. Third, the framework provides the possibility of a new, more collaborative and more respectful federalism.

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### Conclusion

Keeping Canada together is like gluing together two pieces of wood; the trick is to put just the right amount of glue on the joint. Too much glue, and you have a stifling uniformity imposed on the provinces by the federal government. Too little glue, and you end up eliminating the standards and linkages that protect the national aspects of the social union. Given the stresses on our country, we need strength, not weakness. This is the logic that has led to the negotiations to design a framework agreement on Canada's Social Union. These are probably the most important intergovernmental negotiations in Canada at the moment. They are designed to ensure that there is just the right amount of glue in our social union to make the bonds of nationhood strong. As long as all governments negotiate in good faith we can achieve the appropriate compromise that will be of enormous benefit to all Canadians.

The Honourable **Roy Romanow**, Q.C., is Premier of Saskatchewan. As Chair of the 1998 Annual Premier's Conference, Premier Romanow is Provincial Territorial Co-Chair of the Negotiations Towards a Framework Agreement on Canada's Social Union, as mandated by First Ministers in December of 1997.