

THE PRE-CONDITIONS FOR A CONSTRUCTIVE SOCIAL INCLUSION RESEARCH AGENDA

**Presentation by Jean-Pierre Voyer, Executive Director, Policy Research Initiative,
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My opening remarks will be about developing a supporting framework that will allow us to undertake useful research directed to improving our policies to fight poverty and social exclusion. Later in my remarks I will make the link to the broader theme of social inclusion.

The existing system works reasonably well

Let me begin with a brief report card on where we stand today. As in all developed countries, Canada's policies for tackling poverty and exclusion consist of a mix of taxes, transfers and services aimed at the population as a whole, supported by special measures aimed at those who are unemployed, or who are unable or not expected to work. Governments at all levels play an important role. Taken as a whole, and compared with many other countries, the Canadian system works well. The system has evolved gradually towards the traditional goal of a guaranteed annual income, using a targeted approach that encompasses both transfers and the tax system - along with a strong system of public universal health care and education. In terms of poverty, that evolution is perhaps most advanced for retired people, where Canada has one of the best systems in the world for addressing low-incomes among seniors – perhaps the best.

Progress has, of course, been uneven. And, since poverty and exclusion are relative concepts, policy will always have to deal with inequality and with disadvantaged groups. Today, HRDC research has shown us that persistent low-incomes are highly concentrated in five high at-risk groups. These are people with work-related disabilities, recent immigrants, single mothers, unattached older people (until they reach pension age), and Aboriginal peoples. The Government of Canada has currently placed high priority on addressing challenges in the aboriginal communities and among poor children. Child poverty is concentrated in the five at-risk groups.

New approaches are beginning to emerge

Throughout the OECD world, there has been much new thinking about policies that could address poverty and exclusion in a more effective manner.

- Increasingly, the problem has been formulated not only as the lack of income at a single point in time in a person's life, but rather in terms of persistent lack of income and other resources that are needed to enable people to participate in mainstream economy and society. These newer perspectives have been greatly supported by the recent emergence of longitudinal data that are beginning to allow us to examine the dynamics of poverty and exclusion, its persistence over the

course of life, the role played by individual and household characteristics, and by employment.

- We have learned more about the effectiveness of policies that help people make the transition from unemployment into work. As well, there is now a much richer understanding of the work disincentives inherent in the structure of some transfer programs such as Employment Insurance or social assistance. This knowledge has resulted in growing interest in 'make-work-pay' policies.
- There is growing understanding that exclusion is often the result of many individual, family and social factors reinforcing each other in negative ways - suggesting the need for more coordinated, comprehensive approaches to finding solutions. This understanding is reflected in more holistic interventions both at the level of the individual being assisted and in terms of a growing wish for broader frameworks of policy co-ordination.
- New strategic approaches to measuring and tackling exclusion are being developed in Europe, with the experience of the UK being particularly interesting. In some countries, again mainly in Europe, there has been a revival of interest in the concept of a basic income for all – either on an annual basis or a lifetime basis. Quebec has recently introduced a law that is explicitly addressed to poverty and exclusion. This is unique in Canada and rare in the rest of the world.
- Increasingly, issues are being seen in the context of basic human rights. Social policy needs to be seen through the eyes of the Charter, as well as from the perspective of the legislation that enables a particular policy. In areas of human rights, poverty and exclusion, it is important that we reduce a perceived disconnect between Canada's voice in formulating international conventions and our internal policy development.

Policy research is needed

We need to take stock and to assess the potential of these newer directions and insights. Their implications for practical policy-making are still far from clear – especially when they would be superimposed on an existing policy framework that, on balance, works reasonably well. The empirical findings from the newly emerging longitudinal data are often still quite tentative. No consensus has yet emerged on the operational meaning of concepts such as social exclusion. A new way of looking at a problem does not necessarily mean that existing policies need to be changed. What we need above all is good research that will point us in the right policy directions

A strategic framework is a pre-condition

Unfortunately, however, I would think that there would be widespread agreement that the state of research in this area is weak today in Canada – often fragmented, without agreed intellectual underpinnings and not supported by strong data. That weakness is why conferences such as this are so important.

My remarks today are mainly addressed to the need for a more integrated intellectual framework – an overall strategy – that will support more coherence in carrying out the needed research. By a strategic framework, I am referring to a document, or a series of documents, that will allow all parties in the system – researchers, policy designers,

politicians and people who represent the poor and excluded – to communicate with each other about future directions and to better harmonize their activities, where that makes sense. It would include a common terminology, lessons learned about policy designs and program effectiveness, general principles related to the scope and goals of future policies and so on.

I will examine six features of such a strategic framework, beginning with terminology.

First, agreeing on the terminology

The first task of a practical framework would be to provide a language that will allow us to communicate with each other about what we are trying to achieve. If we are ambiguous in our description of where we want to go, we are unlikely to get there.

Policy development in this area has been plagued by too many concepts and too few words to go around. We have often been guilty of appropriating old words to new meanings when the old definition is still very much in active use. Take *poverty* as an example.

For most people, poverty has something to do with low incomes. The Gage Canadian dictionary defines poverty as "the condition of not having enough income to maintain a standard of living regarded as normal in a community". And that is also the concept behind our various policy-driven statistical measures of poverty such as LIMs and LICOs.

However, others use a much broader definition. The recent Quebec legislation defines poverty in terms of "deprivation of resources, means, choices and power to acquire and maintain economic self-sufficiency and favour active integration and participation in Quebec society". This definition mirrors that in United Nations conventions and in recent thinking that takes a more multi-dimensional approach to poverty. This definition goes well beyond low incomes and encompasses what many people mean by social exclusion.

There is no right or wrong here. There are excellent grounds for using concepts in different contexts with different meanings – especially as we are all trying to escape the bonds of old ways of thinking in our search for better solutions. However, the result can be much confusion when policy experts use language in ways that are quite different from that used by the public.

Finding a common terminology will, I expect, result in the use of cumbersome adjectives and phrases such as "poverty based on relative income position" or "multidimensional poverty", or "exclusion based on lack of resources", or "exclusion based on lack of participation". At this stage, however, consistency might be a better goal than elegance.

... A digression on inclusion and exclusion

A strategic framework should help in assessing which terminology is likely to be most helpful in which contexts. Take exclusion and inclusion as examples. In ordinary language they are simply antonyms. Indeed, any definition of inclusion can be expressed in terms of exclusion, and vice versa. However, recent policy thinking has seen inclusion as a broader concept than the mere flip side of exclusion.

The excellent work on inclusion by the Laidlaw Foundation – and by many of you in the audience today – tells us that what we are really interested in is the ability of people to participate as valued, respected and contributing members of society. The intellectual process that led to this powerful definition involved countering older, narrow definitions of exclusion that put an emphasis on the need for the “excluded” or the “outsider” to adapt to the current institutional environment. Instead, the positive concept of inclusion helps identify the underlying values that we were trying to express and convey the message that, often, it was the existing institutional arrangements that need changing.

Yet, in ordinary usage, the concepts of exclusion and inclusion are parallel. For example, we can say that social exclusion occurs when people are prevented from exercising their ability to participate as a valued, respected and contributing member of society. Looking at things positively, using the language of inclusion, helps us formulate our underlying goals. But, a negative formulation of exactly the same concept may also be helpful in some contexts – particularly in the area of government policies. For example, the language of exclusion is helpful in inviting practical questions of exclusion from which aspects of society, and by which agents or barriers – matters that are central to policy development.

... developing a supporting language

Surrounding each of the different concepts of poverty, exclusion and inclusion are related concepts whose meaning needs to be pinned down in a consistent way. Equity, equality, cohesion, universality, targeting and dignity are examples. There is a similar need for a common terminology to describe policy instruments and measures. For example, the phrase “social investment” is useful when we are examining human resource development policies, whose purpose is to make a specific difference to people’s subsequent lives. Unfortunately, its meaning is greatly diluted when it is applied – as is so often the case today – as a synonym for social expenditure.

Sorting out the language is a tedious business, but it simply must be done if we are to make significant progress. I am not saying that we need to stop all policy research until we agree on the language. We would wait forever I expect. However, it is a fundamentally important step that should be undertaken earlier rather than later.

Second, rethinking our goals and our vision of a better future

A strategic framework would review the principles that would underlie the setting of medium- and long-term objectives. For example, what type of “safety net” works best in a world focussed primarily on human capital investment? Should we be moving strongly in the direction of individual learning and educational accounts that would empower individuals to take greater responsibility for developing their own human capital? Or do we concentrate on developing learning infrastructure from early childhood development facilities to adult learning institutions? The answers will reflect both practical “what works” considerations as well as more fundamental factors relating to the social contract – what is the responsibility of individuals and what belongs to the state. A strategic framework cannot answer such questions, but it can provide a language and a set of principles that should help us find answers.

The concept of a guaranteed annual income is instructive in this context. For decades, many Canadian policy thinkers have implicitly, and often explicitly, considered some version of a guaranteed annual income to be the ultimate goal towards which we are striving. Typically, an annual amount would be provided to individuals on an unconditional basis, and there would be a consequent reduction or elimination of special-purpose programs such as employment insurance or social assistance. Such proposals have been standard in Royal Commissions, such as the MacDonald Commission and in many social policy treatises by politicians and academics alike. A full scheme may well have been seen as unaffordable and unattainable in short or medium term – but it has long hovered on the horizon as something to work towards.

But there are several forms of a guaranteed annual income, each associated with different underlying values and practical considerations. Most Canadian thinking has been about a negative income tax version of a guaranteed annual income. Here the transfer to individuals is seen to be on top of earnings, and should not replace earnings. A key design problem has been to minimize work disincentives. Today in Canada the Guaranteed Income supplement provides older Canadians with something very like a pure negative income version of a guaranteed annual income. Refundable tax credits work in the same way and we are gradually moving towards a guaranteed income of this type with respect to children benefits.

However, there has always been a contending version of a guaranteed income – a universal demogrant, or a basic income as it is known in Europe – where it has become a popular version of Utopia, particularly compatible with some views of an inclusive society. In this version, every citizen would receive the same amount, regardless of work status – with redistribution handled separately by the tax system. At core, the basic income variant makes it easier to handle thorny issues of work disincentives, but it is very much more costly and has had relatively little following in Canada. (Although, in practice, the public retirement income system in Canada actually looks quite a lot like a basic income – with nearly the same amount of public funds going to all seniors – when the Canada and Quebec Pension Plans are taken into account as well as the OAS and GIS; the GIS tops up those with low incomes, while the CPP ceiling cuts in for those middle and higher incomes).

In their pure versions, both variants of a guaranteed annual income are about giving people opportunities to make their own decisions. In their pure versions, both are about income requirements at a point in time – about bringing people up to some annual average level. The basic income model in particular forces us to think about the respective roles of individuals and governments. Are funds transferred without any conditions at all? What happens if people waste their funds and are penniless? The basic income model is also more compatible with life-time accounts and newer life-course perspectives. Some or all of the funds could be transferred as an endowment at birth, or at school graduation rather than annually.

Again, the longer-term goals and directions that are embedded in these schemes warrant careful consideration and debate. It would help us clarify our thinking about what we want to accomplish. A strategic framework would help us in doing that.

Third, the size of the policy envelope

A strategic framework would describe principles that govern the scope of the policies that should be included – what is on the table and what is not. As we broaden our policy objectives, we increase the number of policies tools that must be taken into account. This may seem self-evident, but we often fail to pay enough attention to the link between the levels at which policy objectives are cast and the scope of the policy-making process.

For example, if we limit ourselves to policies addressed to poverty, and if by poverty we mean low incomes at a point in time, then the policy envelope consists of the traditional tax-transfer system – pensions, employment insurance, refundable tax credits, social assistance and the like. The decision-making bodies – and those who will be consulted and implicated in the decision-making process – will, to a considerable extent, be owned by people whose main preoccupation is with matters related to equity, exclusion and low-incomes.

On the other hand, if we enlarge the concept of poverty to recognise a range of factors that exclude people from, say, the labour market, then we encompass not only the tax-transfer system but also a range of social and employment services. This is the policy scope that seems to be implicit in much current policy thinking, with its emphasis on poverty dynamics, on the multiple determinants of low incomes and joblessness and on more holistic support in welfare-to-work or unemployment-to-work transitions. That is, the focus is still very much on the most disadvantaged people – and the policy constituency is quite similar to income-at-a-point-in-time constituency, but with greater emphasis on prevention. I would guess that the day jobs of many in the audience today are mainly related to this concept of poverty.

If we take an even broader social exclusion view that encompasses the range of factors that prevent people from playing a full role in society, then the policy envelope widens to encompass the education, health care and criminal justice systems. It is these systems that provide the skills that will prevent exclusion from the labour market, or that ease the health and safety problems that could exclude us from us a full life in society. The policy process associated with this envelope is, for the most part, owned by those whose main preoccupation is with the education, skills, safety and health of the whole population, not only the disadvantaged community. The associated research agenda would be quite different from the narrower poverty agenda, and quite different people would be involved in formulating that agenda.

As a final example, let us shift to a still broader objective – this time to a goal of social inclusion that will facilitate changing the culture of workplaces and communities to make them more inclusive and respectful of diversity. Here, the envelope extends to the practices of employers and unions, of communities and civil society – and to the, often limited, government policies that affect those practices.

Fourth, pressures on policies and on needed policy responses

A strategic framework would identify trends in poverty and exclusion and, especially, would help anticipate future needs. The HRDC analysis that I referred to earlier points to a growing concentration in poverty in five at-risk groups which provides a powerful

signal of future pressures on policy – as are trends in homelessness, the working poor and child poverty.

We define poverty and exclusion relatively, in relation to the mainstream. The characteristics of those in this “mainstream” are likely to change rapidly and so, in consequence, will the characteristics of those excluded from that mainstream. For example, let us suppose a future norm where most families have two people employed, often in the knowledge and service industries, and with increasing flexibility to make work-life balance choices within the family – including choices with respect to child and elder care, to time for lifelong learning and to the timing of retirement. In such a world, people with low skills and unstable household living arrangements could fall ever further behind.

A strategic framework would help identify policy development needs in response to these changed demands, including priorities for new experimentation. Earnings supplementation and lifetime accounts are obvious examples of possible policy instruments that would almost certainly be highlighted in any strategic plan.

The Self-Sufficiency Project, with which you are all familiar, successfully experimented with earnings supplementation for single mothers. Why are we not applying it universally? Should we be experimenting with its application in the Aboriginal community and for people with work-related disabilities? A strategic framework could set out some general guidelines describing the conditions under which such initiatives are likely to be successful and would help identify the needed next steps in experimentation.

A strategic framework would help us the better understand the role of newer policy instruments such as individual lifetime accounts. RRSPs are an example, as are many proposals for individual educational or learning accounts. Under which circumstances are they likely to be appropriate? Too often, today’s debate is driven by ideological concerns. Yet in reality, lifetime accounts do not respect ideology. They can be used to privatize pension, or health care financing or even employment insurance. Or they can be used in a collectivist manner to, for example, provide all citizens with endowments at birth or at graduation; indeed, as I noted earlier, they can be simply a variant on schemes that would provide a basic income for all. In the pension area, Sweden has introduced an RRSP-like account on a mandatory basis within its public pay-as-you-go pension system.

The real effects of policy are as much driven by the mix of policy instruments as by the design of any particular policy. Today, the determination of the balance between tax and transfer instruments, between income support and services, between services and information, between universal and targeted programs, is largely the result of ad hoc processes, often budgetary processes. A strategic framework would not, and should not, replace the practical reconciliation of diverse interests that are implicit in these ad hoc processes. However, it might be able to add some transparency to the process, and encourage more informed debate on the consequences of changing the weighting of various programs.

Fifth, new measurement tools and policy research priorities

A strategic framework would also set out criteria for developing the statistics and research that would support policies cast at different levels of objectives. This is near the heart of our conference today but I will say little about this crucial topic in these opening remarks, except to make two observations.

The first is simply to underscore the likely frustrations and futility of attempting to undertake big thinking on a statistical and research agenda independent of a fleshed out version of the other elements of the strategic framework. Questions of which population groups are to be targeted – and with which objectives and which policy instruments – matter a great deal. Without agreement here, there will be much spinning of wheels on the research and data side.

The second is a note of optimism. Recent technology has greatly increased our capacity to do effective research in this area and to collect good empirical evidence. There is much room for optimism if we get our intellectual frameworks right, and if we can line up institutional responsibilities for funding and conducting that research and data collection.

Sixth, institutional mandates for taking action

A common problem in policy circles is to spend much time and effort in figuring out what should be done, and then to realize that most of the players that are needed to take action are not sitting at that table – and indeed are following quite different agendas. To this point, our hypothetical framework would allow us to associate policy objectives and the size of policy envelope. The next stage would be to link this discussion of scope to the mandates of the various institutional players. A strategic framework would also need to map the key players and their roles – and would describe the principles that should underlie the systems of planning, consultation, co-ordination and accountability that ensure that the players can act in reasonable harmony.

The health area provides a good example of the problems of not associating policy responsibilities with policy scope. Some decades ago, there was an interesting but ultimately unproductive policy initiative that was referred to as healthy public policy. It was founded on emerging research that showed the importance of multiple economic and environmental determinants of health. What happened outside of the health care system mattered more than what happened in it. Healthy public policy was a response that was intended to allow a public health perspective to be introduced in all public policy documents as they went through the cabinet decision-making process – whether their prime intent was social, economic or environmental. It seemed rational, but it didn't work.

The reasons for this failure may be relevant to our conference today. It turned out that the research of the day was not nearly strong enough to apply healthy public policy in day-to-day practice. There was enough research to suggest general linkages between, for example, economic well-being and health. However, the research was not strong enough to suggest the particular way in which that happened. And practical policy-making is about a series of very particular initiatives. Without hard evidence, central government agencies – treasuries, finance departments and cabinet offices – cannot sustain ownership for ensuring such a health-oriented agenda. And, without empirical data, no system of

planning, co-ordination and accountability could be found that would, in effect, let the health people take over significant control of economic, environmental and other social policies. Further, there was no institution with the mandate to fund and oversee the research that would be needed to create the evidence. At that time, health research was almost entirely in the hands of the health care community, not the public health community.

I am not suggesting that we reduce our policy goals so that they match our present capacity to deliver. Our institutions should reflect our underlying goals, not the other way around. It is important to aim high. We must be able to have policies that allow us to tackle the multiple disadvantages and multiple determinants of exclusion, including a range of health, skill and social factors, including discrimination. We must set objectives that encompass a wide range of issues related to child poverty, to generational mobility, to polarization and the working poor. We must have policies that can address tomorrow's problems – such as people who are likely to be excluded in tomorrow's labour markets as a result of lower skill levels or unstable living arrangements. We want to have a scope that is large enough to allow complementarity between the poverty and exclusion agenda and today's high priority skills and social investment agenda.

What I am suggesting is that we face a delicate balancing act in our policies directed to exclusion, poverty and inclusion. We must aim high, but not so high that implementation becomes impossible. The example of healthy public policy suggests that we may need some kind of *three-tier approach* to issues of governance and to systems of planning and accountability.

At the first level, we would likely define a set of policies that are primarily directed to a more limited set of poverty and exclusion goals. Here we are dealing with more familiar set of tax and transfer policies and associated services – where institutional and governance arrangements are reasonably clear. In our incremental world, these policies are most unlikely to disappear quickly and the tier-one strategy would be addressed to their future evolution. This would include issues related to analysis of future pressures, the design and mix of instruments, financing, evaluation and the other issues that make up so much of the policy process.

The second tier, which would cover a much wider range of related government policies, could take a wider social exclusion focus. Here, the tier-one policies could be situated within a broader inclusion/social investment framework that deals with a full range of the skills, health and other policies that touch people at all income levels. It would also cover many of the policies that we associate with a broader definition of social inclusion, including multi-culturalism, social cohesion, employment equity, and fighting discrimination. In this secondary tier, we might focus more on issues related to planning, consultation, co-operation, impact assessment, measurement and accountability – on how the tier-one policies are linked to, and interact with, those in tier two.

The third tier would be similar, but would encompass the non-governmental sectors, including the policies and practices of employers, unions and civil society. Here, issues around information dissemination, co-operative action, best practices and regulation would play a large role. Systems of consultation and co-ordination would also be important, but less elaborate than those in tier-two.

What PRI is doing

In conclusion, I would like to remind you that the Policy Research Initiative is working with a number of departments on many of the topics I have just discussed – but with a focus on the federal government policies. Over the coming year, we will be assessing many of the new trends and approaches and exploring their implications for use within the federal government.

The project, which is called “New Approaches to Addressing Poverty and Exclusion” and we are just getting started. It is fundamentally an internal fact-finding exercise at present – but one that could be of considerable importance to future directions in consultation and policy-making around poverty and exclusion.

We are starting from the premise that the existing system is not working well enough to warrant complacency. There are obvious problems. The government has already put priority on improvements in the area of children, homelessness and Aboriginal peoples. On the other hand, compared with many countries, our existing set of policies works reasonably well on balance. The basic structure is certainly not broken and the traditional Canadian approach of incremental reform cannot be rejected. These premises clearly point in different directions and we will have a better sense of where the exercise is headed by next autumn – and on how we might best link our work to that being undertaken by other governments and civil society.