

# Farewell to Welfare? A review of Benoît Bouchard's Speech to the OECD

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## **Introduction**

The gradual erosion of Canada's social security system is not a recent development. For years governments have been cutting back on social programs—social assistance, pensions, unemployment insurance and family allowances benefits, to name a few. Only recently however, has the federal government begun to publicly acknowledge its plans to fundamentally restructure the welfare state. With the public's concern focused anxiously on the national debt and the threats posed by globalization and international competitiveness, the Tory government may see this as an opportune time to embark on a public debate over "modernizing" Canada's social welfare system.

For the past few months we have known that a white paper proposing major changes to the direction of social policy was being prepared jointly by the Ministers of Health and Welfare (Benoît Bouchard) and Employment and Immigration (Bernard Valcourt). Although the White Paper has yet to be released,<sup>1</sup> Minister Bouchard spoke about the "new orientations for social policy" in a speech to the Organization for Economic Cooperation and Development (OECD) last December 1992.<sup>2</sup> This speech provides us with some idea of what would likely form the basis of the White Paper. The "new" directions for social policy outlined in the Bouchard speech are discussed below.

## **Minister Bouchard's Speech**

### *Context of proposed changes*

The minister cast his speech in the context of a rapidly changing world. Canada's integration into the global economy, for example, has added stress to our small-scale industrial production and resource-based industries. Currently Canada and other industrialized nations are plagued with high rates of unemployment, slow economic growth, slow productivity, and high levels of consumer and government debt. Combined with these economic changes are transformations in the socio-demographic structure of Canada. Over

the past two decades three major socio-demographic trends have developed in Canada and are expected to continue for some time. These trends are: a large increase in lone-parent families, a large increase in women's participation in the paid work force, and the gradual aging of the population as the birth rate declines and life expectancy increases.<sup>3</sup> The economic and socio-demographic changes have put tremendous pressure on our social security system, which, the Minister argues, needs to be adjusted accordingly.

### *Future policy directions*

What are the future directions for social policy that are being proposed? The speech outlines three broad areas for policy reform that have been identified by Prime Minister Brian Mulroney. They include:

- breaking the spiral of dependence by providing people with the means to participate more fully in the workforce;
- making programs more flexible so that they can be tailored to meet individual needs;
- maintaining and strengthening income support for those who are not able to work.<sup>4</sup>

To attain these objectives, the Health and Welfare Minister argues, Canada must "vigorously pursue new orientations to its social and labour market policies."<sup>5</sup> To begin the process of public discussion a (white) paper is being prepared which will focus on the following eight central concepts.

#### *1. Social investment:*

This refers to strategies that prevent dependence on the state for financial support. For example, training and retraining programs that prepare people adequately for the labour market can prevent future dependence on unemployment insurance and social assistance.

While "social investment" appears to be a positive notion, we need to know more about how it will be operationalized. What happens to people who cannot work - people who are disabled or elderly? How does self determination for Aboriginal peoples fit with this concept? How does the social investment principle work for people who are discriminated against on the basis of race or gender or both? Who will get the training/retraining and how will these programs promote equality for women, the visible minority population, Aboriginal Canadians in the labour force? How will language training or retraining of immigrants be accommodated?

#### *2. Fiscal sustainability:*

Fiscal sustainability means that social programs must operate within existing fiscal constraints. The best way to do this, Minister Bouchard argues,

is to put resources toward social investments that reduce long-term dependency.

Although fiscal sustainability is defined by the Minister as a corollary to social investment, it is likely to operate against the idea of social investment. If programs are driven primarily by fiscal considerations how can we be assured that even the most basic programs and services will endure?

*3. Greater coherence and integration:*

Bouchard argues that greater coherence and integration between policies and programs is "essential in assuring the best possible results from the use of scarce resources, and that what is required is a flexible system of programs that is people-oriented."<sup>6</sup> The problem with this is that it can easily be used to continue cutting back and "streamlining" social programs and services.

*4. Partnership:*

This refers to partnership of governments, the private and public sectors and between the individual and the state. Bouchard states that "no partner can be accorded the status of omniscient provider. The contributions of each partner — be it government or employer — needs to be focused on the issue at hand in a collective and coordinated effort."<sup>7</sup>

The idea of partnership means a reduced role for the state in the provision of social policies and an increased role for the private sector. Most of the improvements in the economic and social status of equality-seeking groups, however, have been achieved in the public arena (i.e., through legislative changes), and not through private sector initiatives.

*5. Greater individual responsibility:*

The Bouchard speech states that "[t]here are mutual obligations and responsibilities implicit in relations between the state and the individual. As a two-way relationship government should provide support with the understanding that individuals should take advantage of the opportunities such support provides. However, this does not mean that the state relinquishes itself of responsibility to provide support for those who cannot support themselves, such as the severely disabled."<sup>8</sup>

This policy direction has serious implications for underprivileged Canadians. We know that many groups (e.g., women, visible minorities, Aboriginal Canadians, people with disabilities, the elderly, people living in depressed regions in Canada) are disadvantaged economically and socially, and as a result are more dependent on the social welfare system in order to survive. Greater individual responsibility is not a solution to structural social problems and it stands in contradiction to the concept of social investment.

*6. Equality of opportunity:*

An important focus of the new directions for social policy is on equality of opportunity as opposed to equality of income. It is unclear, however, how the new direction will improve equality of opportunity given the general direction of the policy reorientation. A key barrier to equal labour force participation for women, for example, is the lack of affordable, reliable child care yet it is unlikely that this will be part of the new social policy orientation.

*7. Forward looking:*

The new orientation to social policy, Bouchard states, should be forward looking and "not be caught in a debate on yesterday's solutions to yesterday's problems."<sup>9</sup> It is unclear from the speech, however, precisely where the innovative ideas lie.

*8. Gradual implementation of reform:*

The final issue that the Minister addresses is that reforms should be implemented gradually.

## Conclusion

The fundamental message in Benoît Bouchard's speech is that we can no longer afford our social security system and we have to move people off of it. State support will be replaced with increased self-reliance, individual initiative, and private sector involvement. It is clear that we are witnessing a shift from the philosophic base that has established the welfare state over the past century. Although the policy directions are framed in terms of "modernization" and "new orientations" this direction is anything but new; rather it harkens back to the last century. In social policy terminology, it represents a move away from an institutional form of welfare to a residual one. The speech provides some general guidelines for how social policy in Canada will be reoriented but it is not clear how exactly this will be done. We will have to see what the White Paper proposes.

## NOTES

1. It is unclear when/if the White Paper will be released in this session of Parliament given the impending Conservative Party leadership convention, the federal election, and Bouchard's recent decision not to run in the next federal election.
2. "Canadian Paper on New Orientations for Social Policy," Speech given by the Minister of Health and Welfare, Benoît Bouchard, at the Meeting of the Employment, Labour and Social Affairs Committee at the Ministerial Level on Social Policy, Organization for Economic Cooperation and Development, Paris, France, December 8-9, 1992.

3. "New Orientations for Social Policy," p. 3.
4. "New Orientations for Social Policy," pp. 8-9.
5. "New Orientations for Social Policy," p. 9.
6. "New Orientations for Social Policy," p. 9.
7. "New Orientations for Social Policy," p. 9.
8. "New Orientations for Social Policy," p. 10.
9. "New Orientations for Social Policy," p. 10.