



Strategies for Achieving Equity and Prosperity in Saskatchewan

by

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Introduction

Most Saskatchewan people want to live in a prosperous society that encourages effort and enterprise, but also cares for those in need of protection or support. Saskatchewan's economy functions well by global standards, and most of its citizens enjoy a high degree of economic and social security. As in other parts of the country, however, there is still a proportion of the population that has employment potential, but still does not enjoy the benefits of full participation in the economy.

For an under-populated province with growing labour demand, it defies logic to allow significant numbers of citizens to remain outside the labour force and reliant on income support from their fellow citizens. This paper argues that the best path to solve income problems among this population, and improve overall income equity in Saskatchewan, is also the best strategy for building the economy and a stronger and more cohesive province.

There have been great advances in Canadian social security over the last half century. However, our social security system is at its weakest with respect to income needs of working-age adults. In recent decades governments have relied far too heavily on welfare-like programs that marginalize, demoralize and disempower economically vulnerable citizens.

We live in a market economy and we will do so in future, but we need not live by the law of the jungle. The legacy in adult income security is to ignore market engagement and concentrate on short-term needs. This approach has quite obviously failed to address poverty and exclusion.

Markets – particularly employment markets – are the source of well-being for the majority of working-age adults, and the most

likely *potential* source of well-being for the poor. Understanding this fact is essential to choosing social policies that can produce lasting change by influencing the behaviour of citizens, and markets, toward better outcomes for individuals and society.

This perspective conditions government's choice of policy instruments for increasing social equity. It is argued here that the best choices are those that preserve competitiveness and efficiency in the economy, under conditions of public policy that help citizens use their personal effort to gain access to the benefits of the economy, and ensure that citizens' contributing efforts are adequately rewarded.

Some would believe these to be competing imperatives. I would argue that this is not necessarily the case – that it is possible to have an economy that generates increasing aggregate wealth, while still sharing the benefits of growth in a way that all citizens accept as fair and reasonable.

In a practical sense, this paper argues for an anti-poverty strategy based on expanding the labour force, increasing its productivity, and using the powers of government in specific strategic ways to manage distributional issues. Saskatchewan's current and predicted labour shortages create an historic opportunity for a more prosperous and equitable province, if the opportunity can be seized. Saskatchewan has begun to move away from the welfare approach, gradually building up alternative systems that encourage employment and other mainstream outcomes for low-income people.

The approach outlined in this paper is intended as a contribution to the further transformation of Saskatchewan social policy towards

a new and more mainstream approach to economic inclusion of low-income adults.

Choosing policy instruments

If we were to parse our existing social security system, in Saskatchewan and in Canada, we would find several different sets of philosophies, perspectives and principles at work, some more dynamic and robust than others. We would also see changes in the effectiveness of approaches as the economic and social context changes around them.

Adult income security, in the postwar social security vision, was to rely chiefly on a vigorous economy and labour market, backstopped by unemployment insurance protection and, in the last resort, direct income support from government through welfare systems.

Much has changed in the socioeconomic environment since this system was developed. Social risks from the economy have proved much more challenging to lower-skilled workers. Changes in family norms have increased the number of structurally-vulnerable families.

At the same time, some of our presumed policy instruments have failed, to greater or lesser degree. Unemployment insurance has vacillated between moral hazard and irrelevance, while welfare, swollen by the failures of more mainstream instruments, has helped create and reinforce an underclass that is isolated from the economic mainstream, with eroded capacities for the type of economic engagement that would help them share in the prosperity of the province.

At least since the 1960s, there has been an expectation in some circles that governments can – and should – address the inequities among

citizens by simple distributional means. For example, the Canada Assistance Act and the Saskatchewan Assistance Act, both passed in 1966, envisioned an end to poverty through social assistance.

The reality, four decades later, is quite different. Over time, the welfare approach – in effect, paying citizens not to work – has resulted in more persistent and deeper poverty through relentless erosion of human capacities and motivations. It has forced economically vulnerable citizens to rely – for their livelihood and for management of many aspects of daily life – on the state, and on the professions and services that have evolved themselves into a *de facto* welfare industry. Rather than a solution to poverty, welfare has become a system whereby the poor trade their future life prospects for minimal satisfaction of short-term needs.

It is usually helpful to take a normative approach to dysfunction – in other words, to consider those who are not dysfunctional, and look at what distinguishes the two circumstances. In the matter of economic problems of citizens, the issue is not necessarily as complex or as intractable as some would suggest. Most Saskatchewan people aspire to, and most in fact achieve, the basic elements of a good life: an education, a job, family, home and community.

What distinguishes the mainstream from the margin, at essence, is capacity and opportunity to benefit from the economy, in most cases through employment or self-employment. Among Saskatchewan's economically excluded population, a proportion of the apparent isolation can be traced to problems concerning fundamental capacities to produce. At the same time, this population possesses a huge pool of unused or underused human capacity that is unavailable due to circumstances, lack of motivation, or structural barriers.

Public policy that sets out to reduce economic marginalization finds an obvious starting point, I would argue, in connecting underutilized human resource potential with mainstream economic opportunity. This task must be accomplished in the context of a market economy that depends for its aggregate wealth-creation capacity on its ability to remain flexible and competitive.

Accepting this lesson does not imply accepting a devil-take-the-hindmost social policy. It merely shapes our choice of social policy instruments. There are many available to choose from. Governments in advanced societies redistribute resources among citizens in hundreds of ways, some direct and some subtle. If the goal of flexibility is to be squared with equity, the preferred choices are policy tools that modify social outcomes with the least possible negative impact on market efficiency.

As a rule, the need to minimize market distortion drives us towards transfers rather than enterprise regulation, and enabling approaches rather than attempts by government to impose or command outcomes directly. The enabling or facilitative approach contrasts with legacy policies of the past that placed government in the role of trying to solve problems or backfill deficiencies in citizens' lives.

The effect of many of these legacy policies was that government displaced the capacities of some citizens to solve life problems for themselves, in the way that most of us do. Enabling policy (which may coexist, of course, with other approaches) seeks to use policy to influence markets and their participants towards better or more equitably distributed outcomes. Shlomo Angel, in an incisive critique of public housing policy, describes enabling policy as setting boundaries, providing resources, and relinquishing direct control of government over implementation.¹

In the context of human resource and employment issues, this approach suggests policies that encourage constructive economic behaviour among citizens, investing public resources in individual productivity growth, human resource development, and facilitating skills matching to work. While government is an actor in the labour market towards effective distribution of outcomes, the primary dynamic is not the relationship of citizen to government, but the employer-employee contract or other link between the citizen and the mainstream economy.

Citizenship and social policy

Underlying this approach to choice of instruments are some assumptions about our concept of citizenship. At issue is whether we see citizenship as a *relationship* between the individual and society, or as a *birthright*, a set of entitlements that accrue to citizens regardless of their engagement with society.

Although never purely so in practice, the welfare approach leans towards the latter, demonstrating the lack of power in such approaches to address basic social equity issues. Even the very modest subsistence benefits of welfare have eroded life expectations and the capacity to live better among those that the system reaches. Expansive 1970s notions of comfortable, unconditional payments from the state to citizens have long been laid to rest in the real world of policy development, since no society can sustain a social relationship in which the rewards of producing and not producing converge.

In simple fiscal terms, government is a mediator of the transfer of resources among citizens. In effect, a substantive entitlement of one citizen is a disentanglement of another. More so than in our present system, social policy should

provide a clear rationale for appropriating the product of one citizen for the benefit of another, and the conditions that justify such a transfer.

This is not to say that entitlement is always inappropriate. Entitlement systems have been used to good effect. Looking at the specific circumstances of their success, however, it is clear that they have only been effective in the case of demographic targets that are not required by society to be economically active.

Canada's public pension system for example, has helped us to all but defeat deep poverty among the elderly, with arguably little economic impact beyond the tax burden it generates on the economy. The Canada Child Tax Benefit that emerged from the National Child Benefit initiative, through thoughtful design, now supports children in low-income families without, on aggregate, negatively impacting work effort by their parents.

The income challenges of working-age adults are much more complex. Every entitlement system we have devised, from welfare to generous unemployment insurance to disability pensions, has fostered socially undesirable outcomes by paying citizens not to develop and use their human capacities – when both individuals and society would benefit from the opposite.

Explicitly or implicitly, governments are becoming more conscious of the fundamental flaws in the welfare model, and are taking steps, large and small, towards its deconstruction. But to be replaced by what?

In place of an entitlement model, consider a concept of citizenship as an active, two-way relationship between the individual and society. Both the individual and the collective share an interest, not only in the well-being of citizens, but also in the assumption by citizens of a constructive role in the community.

From this perspective, it is possible to view social policy not as an overhead cost to a caring society, but a means to shape behaviours towards outcomes that benefit both the individual and society.

A behavioural approach implies a recognition that governments can rarely guarantee outcomes in the broad area of social relations. Social policy operates through individual human beings with vastly different perspectives, capacities and motivations. To borrow an industrial analogy, while government can change the inputs, it does not control the manufacturing process.

The present argument is in favour of an approach that seeks to change behaviours towards outcomes, using an active concept of citizenship that recognizes citizens as fully or partially self-directing participants who can influence the events and relationships that make up their lives. Positive social and individual outcomes, in this framework, derive not so much from the direct force of the state, but from the development over time of a broadly competent and responsible citizenry that acts with socially constructive self-interest.

The social contract reflected in this approach can be understood in fairly simple terms. Individuals are expected to contribute to their own and society's well-being, to the extent of their capacities – which, of course, in reality, vary greatly from person to person. Society's obligation to the contributing citizen is to assure a reasonable degree of physical comfort and dignity as a member of a community, if necessary by measures that modify market outcomes for that individual.

The shift is not unsubstantial, as it reflects a concept of social well-being as a partnership of the individual and society, rather than an abstract right. This approach may hold some

power to move beyond failed entitlement models to begin in a real way to address poverty and inequality. If so, then we may be able to provide ourselves as a society with the tools to reduce the number and proportion of citizens who lead, by choice or circumstance, less productive, constructive and connected lives than is necessary. A partnership approach could therefore contribute to a more cohesive society, one in which all citizens share fairly, and are perceived to share fairly, in the responsibilities and rewards of citizenship.

Not unimportantly, it would also reduce dependency costs and increase economic efficiency. Welfare wastes human resources and human potential. An active, behavioural approach would not only provide opportunities for marginalized people to build better lives, it would also increase the supply of badly-needed human resources available to the economy.

In a period of high labour demand, sustained by demographics, there is a favourable alignment between the interests of economically vulnerable citizens and the economy and society as a whole.

Productive roles

Throughout human history and pre-history, individuals have had roles in the production of goods and services for personal or family consumption, for sharing or for trade. Until recently, maximizing individual productivity was not just a goal, but a necessity for physical survival. Even in the simplest of societies, however, individuals were not entirely self-sufficient. Biological groupings of families and clans provided a means to specialize labour and share out large tasks, to share production,

and to protect involuntarily non-productive members.

Agrarian and pre-industrial societies were characterized by stable communities and stable roles for citizens. Resource pooling became more fixed in traditions and norms of voluntary social protection based on proximity, ideology and other binding characteristics. As societies and production became more specialized and capitalized, however, resource-sharing systems that were effectively voluntary became less effective.

Increasingly, in the last two centuries, citizens have asked their governments to use the powers of the state to organize welfare measures. The construction of effective and sustainable methods to secure the welfare of populations is, however, a very young science. I would argue that it has been a misstep in social security measures to ignore the importance of a productive role for citizens as a critical component of a good and rewarding life.

For adults, employment is the primary and normative means of income distribution. If this were not so, we would not have the economic basis for a prosperous society, or the means to create a caring one. Public and private resources, in short, do not drop from the sky. They are the result of human productive effort.

But people need to work for more than just material reasons. Experience of the welfare era provides a rather clear lesson: People need a productive and contributing role to sustain their self-perception as a legitimate member of the community.

Fighting exclusion is about more than just money in citizens' hands. In the late stages of the welfare era, it should be clear enough that it matters how people get their money, too.

An equitable society with a market economy

If one presumes the need for a productive role, and a societal need for economic participation from those who are capable, the income security challenge for Saskatchewan becomes not necessarily easy to confront, but certainly simpler in concept. The task becomes to align unused human capacity with the needs of the economy, in a social context that ensures that the benefits of the economy are fairly shared according to principles that the majority of citizens support.

The practical task, in short, is to get as many of the currently-marginalized population into employment, as quickly as possible. On the level of economic management, this provides a realistic and attainable way to meet human resource demands. It also provides a base of productive self-sufficiency – full or partial – from which individuals and their employers can build greater personal and collective wellbeing through labour productivity growth.

This is not entirely a new perspective on social policy. The Organization for Economic Co-operation and Development (OECD), for example, has promoted for a number of years a more integrative social and economic policy that it refers to as ‘active social policy:’

“...most governments are now engaged with the challenges presented by more open markets, new technologies and changing patterns of world trade. These processes of structural adjustment in the economy can be facilitated by social policies which, while respecting the principles of social protection, seek to assist rather than resist these changes. This implies that policies for income support should not “passively” support people during periods of unemployment, but should have an active role, more closely integrated with education and training policies, in developing the skills and characteristics which would improve the labour market opportunities of the individual.”²

This OECD perspective has been very influential in the mature north European welfare states, to the extent that the somewhat unsettling phrase ‘activation of social programs’ appears frequently in policy discourse. Although active social policy prescriptions appear to have strongly influenced unemployment insurance reform in Canada, provinces and territories have been slower to embrace this way of thinking.

This is beginning to change. The recession of the early 1990s was a challenge to social policy that was difficult to ignore. Governments emerged from this era with less structured fiscal relations, and with a somewhat accidental success, at least in provinces that pursued the intended model of an active, behavioural social policy initiative – the National Child Benefit.

The OECD’s active policy model is active with respect to the individual, but relatively passive with respect to the economy. I would argue the need for a further step, towards policies that recognize and act upon the dynamics of the market, harnessing these as a driver for better social outcomes at an individual and aggregate level.

The proposed strategy is more than welfare to work for the poor. It is intended to grow the Saskatchewan economy in a sustainable way, and to redress social and economic inequities through participation and productivity growth – in other words, to make the market economy work more equitably for everyone over the long term.

Such a strategy could not succeed, or succeed as quickly, without available economic opportunity. By good fortune, such a situation exists in Saskatchewan at present, with a general and growing excess labour demand at all skill levels that is demographically driven, and thus likely to persist for some time. This presents an

opportunity to re-empower the poor with earned income in the short term, and to begin to arm them with the productive capacities to raise their incomes through more productive labour and to weather the storms of future macroeconomic challenges.

Easily said, perhaps not so easily done. Two major issues would need to be addressed to make an employment-based equity and growth strategy work. The first is to ensure that participation in the market economy brings about the standard of living that should accrue to a contributing citizen. The second is to ensure that the skills and capacities of potential workers match the needs of entry-level employment. Saskatchewan is further along in addressing the former.

Making work pay

Some argue that employment is an option for the poor only if there are “good jobs” available. This is illogical. It is quite true that the labour market has changed, and that international competition for low-skilled work has affected relative wages and tenure in lower-skilled strata of the labour market. This is a fact that is not about to change anytime soon, given the vast surplus of underutilized labour resources in developing countries, and the irreversible permeability of national economies in the modern world.

If economic restructuring increased some workers’ vulnerability, the welfare response to their vulnerability also impaired their functionality and capacity to maintain a dignified self-sufficiency within or based on that changing economy. The effect, over decades and generations, has been creation of a sub-population that is under-resourced with respect to the literacy,

numeracy, job skills and personal attributes necessary to succeed in employment or other normal economic activity.

The short-term challenge for most of this sub-population is to make them ready for the most attainable goal – employment at the low-skilled, entry level to the economy. Jobs for pipeline welders, operating room nurses and high-crane operators are of no value at all to a population that could not reasonably hope to qualify for them, even with years of investment and preparation.

What does this mean? In our current circumstances, low-skilled, entry-level employment is a friend to, not an enemy of, an effective anti-poverty strategy. Given other policy inputs, low-skilled and relatively low-paid work can become a critical aspect of an effective strategy to reduce economic and social inequities, to grow the economy and to improve equity outcomes in the province.

Critical to overall success, however, is the palette of measures to ensure that citizens who act in a constructive way – including working to the extent of their capacities and abilities – achieve a level of comfort or dignity that satisfies our collective social values. Once again, this refers to a social contract that ensures reasonable personal rewards in exchange for best efforts of the individual citizen.

One aspect of recent debates has been the role of workplace regulation in making work pay. There is no doubt that labour standards contribute to an orderly society and a measure of dignity for workers in their workplaces.

At the same time, the impact of enterprise-level regulation on the operation of enterprises needs to be more thoroughly understood. Wages, at the end of the day, need to reflect the

worker's individual productivity. Public policy that significantly distorts that relationship can result in adverse consequences for vulnerable workers, the economy and the society at large.

Wages are an input cost of production, and competitive forces in a market economy tend to exert a downward pressure on enterprise costs. To the extent that competition constrains prices in the market provision of a good or service, regulation-generated enterprise costs in one location may create a competitive disadvantage that could result in geographic movement of employment, downsizing or closing of enterprises, or changes to business models and technology to reduce labour consumption.

For this reason, the net effectiveness of enterprise regulation depends on the state's ability to impose regulation costs uniformly on competitors. Since business activities as well as goods and services are increasingly portable, the potential for maintaining regulatory equity is declining.

The effects of these factors can be seen in consumer electronics, which are overwhelmingly manufactured offshore at much lower labour rates than prevail in North America. Such products have become effectively disposable, since the labour input costs for repair – being a less portable activity than manufacturing – usually exceeds replacement costs.

Effectiveness is further constrained by price inelasticities – price competition, consumer resistance, input price pressures, and so on. Upward pressures on wage costs in a price-constrained environment will sooner or later affect employment levels and/or labour consumption in an enterprise. Where increases in the price of labour as an input cost force up prices in labour intensive industries, the effect can also be to suppress demand. The Saskatchewan restaurant industry, for example, argues that

wage-driven price inflation rate is stagnating business and employment in its sector.³

Minimum wage is a legislated productivity threshold, a definition of a legal job in an economy. In practice, it defines whether goods and services may be produced locally in normal economic contexts, or must be imported from lower-cost jurisdictions, produced illegally, permanently subsidized, or produced by labour made more productive by technology or business processes.

The much-derided 'burger-flipping' in the fast-food industry, for example, is already performed by a machine that does the cooking – and the flipping. The fact that local employment loss may be offset by increased employment in off-shore manufacturing – in this case, of burger-cooking machines – may be cold comfort to those needing work in their local labour market.

A high productivity threshold for a legal job effectively also restricts the range of skill levels that may be active in the economy. Where a segment of the population is already challenged to offer a viable skill set to an employer, regulating low-productivity work out of an economy eliminates these citizens' opportunities to get a start in the mainstream, and increases the likelihood of the persistence of a permanently workless underclass.

This is not to argue for lower minimum wages, or that minimum wage is unavailable to government as a policy instrument. It is an argument to be aware of the constraints of the instrument, and be sensitive to unintended consequences for its intended beneficiaries. Minimum wage is not the only way, or even necessarily the best way, to make work pay.

Government has at its disposal considerable power to affect life conditions of citizens through transfers and in-kind benefits. The

popularity of the Building Independence initiatives in Saskatchewan⁴ underlines the public's high degree of tolerance for transfer schemes that make sense, that are consistent in their intent with broadly-held public values.

Saskatchewan, to its credit, has undertaken a number of measures in recent years to support choices to work among the poor. Few structural barriers exist in the province's modest cost-of-living environment for individuals without dependents who have only generic needs. Challenges remain to deal with non-generic needs – especially disability supports – in a manner that does not drive citizens away from the labour market. Some attention may also be needed to better management of gaps in health cost risk protections.

Considerable progress has been made against structural employment barriers to employment of low-income parents. The National Child Benefit, *Building Independence* and tax reform have made the value of work for parents and their children at least equal to employed singles. A typical single parent earning \$8.00 per hour full-time in 1997 and whose wages merely tracked inflation, is some 28 percent better off (in constant 1997 dollars) in 2005 in terms of disposable income.⁵ Thousands of parents have left welfare for work, and because the reform strategy relies on leveraged benefit from the labour market, provincial expenditures on income support have decreased.

Creating new workers

Saskatchewan needs new labour market entrants to meet the needs of the economy. Only a few sources are possible, in the short to medium term: international immigration, interprovincial migration, and conversion of dependent popula-

tions to workers. While progress is possible on all these fronts, the last is most promising, certainly in terms of scale of response to human resource needs. As this paper argues, there are also social equity goods produced by a strategy that brings more citizens into the economic mainstream.

There are, however, practical challenges to expanding the labour force from within Saskatchewan's population, particularly from the ranks of the welfare poor. *Building Independence* and the National Child Benefit have changed incentives for the better, opening new paths to employment. Further resources are in development to help those at the near margins of employability make a transition into the labour force.

As the strategy progresses, however, the relatively job-ready leave the pool of under-utilized human resources, and the remaining population is, by degrees, more disabled, more barriered, and less well armed with the essential skills and job skills necessary to meet the demands of entry-level employment. As the inclusion strategy progresses, the more challenging will be this problem.

In the popular media it is common to see references to the 'productivity gap,' the usually unfavourable comparison of Canada's macro-level productivity growth to other developed economies. There is another type of productivity gap – that between the capacities of the available, under-utilized human resource pool, on the one hand, and the actual demands of the labour market and economy, on the other.

If there is a 'next step' priority for strategic policy development, it lies in the development of measures that reach further into the under-utilized population for potential workers who could access the benefits of employment.

There is more attention in learning environments in recent years to essential skills – at the simplest, literacy, numeracy and work-appropriate attitudes. In theory, our universal public education structures are supposed to deliver a literate and arguably work-ready young adult to society.

At the broadest level, it would seem that learning systems, like all our social structures, have struggled to recognize and respond to rapid and profound changes in social dynamics over the past three decades. Part of a successful human resource recovery and rehabilitation strategy would be the initiation of new, and hopefully more effective ways, to address learning deficiencies in the low-income population and the population at large.

Education as human resource development is of course not a new idea – in fact it absorbs significant public resources at present in Saskatchewan. Relative to need, however, the essential skills and adult basic education systems are strained. There is also some argument for more flexible and outcome-driven approaches than are the tradition in learning institutions.

In the long-term debate between train-then-work or work-first, the literature on balance supports the latter as the more effective approach to economic exclusion. It is important to get low-income people working and developing skills, at whatever level they are capable, as a base to move forward in life. Given the current labour demand and the employability level of the available, potential work force, a successful strategy will require approaches that take full advantage not only of the motivation of people towards employment, but also employers' increasingly pressing needs to fill their labour needs.

Addressing productivity and work readiness in marginal populations is a relatively new

endeavour for government, with few proven techniques to rely on. Successful employment transition models exist in which industries themselves are instrumental in determining what productivity deficiencies exist in the potential work force and how to remedy them. It seems that, applying the enabling policy model, knowledge could be gained from strategies that resource and empower sectors of the economy to find ways to make underemployed citizens into workers.

None of this should be seen as a substitute for employers' own training responsibilities for their specific work. On the other hand, employers have a reasonable expectation that public institutions deliver adult citizens equipped with basic literacy and numeracy skills, and the characteristics of an individual fundamentally ready for employment.

There is no single reason that so many citizens are not so equipped at this time. Certainly, rapid changes in the economic and social environment, and sluggish (or sometimes, just plain wrong) responses from public policy have contributed. Addressing fundamental human resource deficiencies is surely a task in which the state should be expected to be involved and exercising leadership. It also stands to reason that other stakeholders – employers and potential workers – be engaged as partners to help solve a problem that affects the economy and the quality of life of all citizens.

Conclusion

This paper argues for a human resource and productivity strategy to combat poverty and inequity in Saskatchewan, and for the active use of entry-level employment as a resource to improve the lives of dependent and marginalized citizens.

This is not to suggest that a long-term socioeconomic strategy should be based on low-wage, low-skill employment. For Saskatchewan to become a healthier society, from an economic and social point of view, a transition stage is required, to integrate and make productive as much of the potential labour pool as possible.

Through effective human resource development strategies that help the lower skill ranks of the labour force to increase their productive capacity, the level of employment can increase, in turn enhancing the effectiveness of the labour market as a distributional vehicle. From a base of increased employment and an expanded labour market, employers and workers can increase labour productivity, and thus incomes, of the lower-skilled strata of the labour market.

As that process occurs, we will, in fact, be more able to either export our low-wage employment or, preferably, to produce the goods and services we need more efficiently, using more productive – and thus better-rewarded – labour.

Successful change occurs, it would seem, when the case for change can be reduced to terms that appear to be simple common sense, that evoke a sense of being the obvious solution. The *Building Independence* reforms in Saskatchewan have resonated well with the public precisely for this reason. Nearly everyone implicitly understands that work is good for people, and that the most effective way to reduce poverty is through employment, which is the way the vast majority makes its way in the world.

This resonance with public values has facilitated significant change in a major component of the province's social policy. These changes might be thought of as the beginning of a post-welfare era – a second phase of social security, incorporating lessons from the successes and failures of the first. In stages, the province is displacing the welfare approach with measures

that reduce the marginalization of low-income citizens, and build hope and capacity in this population for a better life.

This paper is intended to encourage further steps in the direction of full citizenship for low-income Saskatchewan people. It bears repeating that circumstances are almost uniquely favourable for a positive change in Saskatchewan's economic and social equity. Labour demand is present and persistent, and a significant potential labour force is at hand, and a generally young one at that.

Squaring these two trends is a worthy enterprise that will reduce unproductive public expenditures, improve individuals' lives in very real ways, and provide the basis for Saskatchewan's future economic and social development. An inclusive labour market provides a starting point for an anti-poverty strategy that is built on solid foundations. If the province achieves a baseline of employability and employment of essentially all with potential to work, the economy should be sufficiently vigorous to support, on a sustainable basis, the internal transfers within the community that assure the dignity of all its members.

The essence of this argument is, in fact, that better utilization of human resources is both a key to economic growth and a promising strategy for social equity. The coexistence of excess labour demand and under-utilized human resources points to a strategy that aligns the interests of all citizens with those of the poor, and vice versa.

Economic exclusion is a persistent challenge to public policy, in Saskatchewan as elsewhere. Marginalizing approaches of the past have failed to eliminate poverty in our midst. We have, however, an opportunity to work to make mainstream opportunities available to economi-

cally vulnerable citizens, and to ensure that their participation is both encouraged and rewarded.

This is not an easy task, to be sure. But if ever there was a time when conditions were favourable for a breakthrough towards a more equitable and prosperous Saskatchewan, it may be now.

Endnotes

1. Shlomo Angel. *Housing Policy Matters: A global analysis*. New York: Oxford University Press, 2000.
2. *OECD Policy studies No. 6: The future of social protection*. Paris: 1988.
3. Canadian Restaurant and Foodservices Association. *Submission on Improving Work Opportunities for Saskatchewan Residents*. A brief to the Commission on Improving Work Opportunities for Saskatchewan Residents, September 2005.
4. In 1998 Saskatchewan created the Saskatchewan Child Benefit, a transitional benefit that effectively removed children's benefits from welfare pending maturity of the National Child Benefit. At the same time, the Saskatchewan Employment Supplement was introduced to increase work incentives and offset child-related work costs, and the Family Health Benefits program introduced to protect children of low-income working parents from most health cost risks. Beginning in 2001, *Building Independence* was extended beyond families, and beyond benefit structures to include service systems. At present, the province is developing a new Employment Model of aggressive employment services supported by simplified, self-managed, telephone-administered benefits.
5. This example describes a single parent with two children under seven, presumed to be working 156 hours per month at \$8.00 per hour in 1997, and \$9.66 per hour in 2005. Total disposable income was \$17,402 in 1997. The disposable income for this family in 2005, deflated using the Saskatchewan all-items CPI, is \$22,330 in 1997 dollars.