



# A New Politics of Social Policy?

**Keith Banting**

Queen's International Institute on  
Social Policy  
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## Outline

- The Fading of the Redistributive State
- A New Politics of Social Policy
- Provinces, Dualism and Social Policy
- The Future of Redistributive Politics



# PART A

## FADING OF THE REDISTRIBUTIVE STATE

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- ### The Canadian trajectory
- Canada's self-image
    - Mid-Atlantic conception of Canada
    - Kinder, gentler country in North America
    - Woven into Canadian identity (Medicare)
    - 1980s/1990s seem to confirm self-image
      - tax-transfer system offsets growing market inequality

## A Mid-Atlantic Welfare State?

- Classifications of welfare states
  - Esping-Andersen's classic typology
  - Canada as a "liberal welfare state" with US, UK, Australia
  - Contrast to continental Europe and Scandinavia
  
- Differences with the US
  - Differences less dramatic than often assumed
    - "Small differences that matter".
  - Canada in 2008 and 2012 US presidential elections

Country	Public Social Spending % of GDP 2007	Poverty Rate (All) % 2004	Poverty Rate (Children) % 2004	Poverty Rate (Seniors) % 2004	Inequality Gini 2008
France	28.4	7.3	7.9	8.5	.293
Germany	25.2	8.5	10.7	8.6	.295
Sweden	27.3	5.6	4.7	6.6	.259
UK	20.5	11.6	14.0	16.3	.345
Canada	16.9	13.0	16.8	6.3	.324
US	16.2	17.3	21.2	26.6	.378

Note: Poverty line defined as 50% of median income.  
Sources: OECD; Luxembourg Income Study.

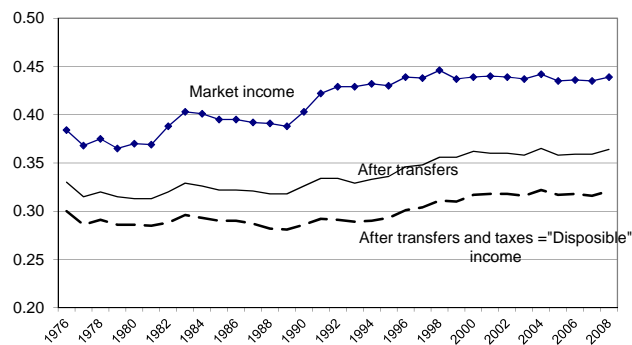
## Fading redistributive impact

- Growing inequality in market inequality
- Weakening of redistribution:
  - Changes in transfers
  - Changes in taxes: emphasis on tax cuts
    - Decline in public revenues/GDP: 2000 35.6%; 2009 31.1%
- OECD

“In the period between the mid-1980s and mid-1990s, the redistributive impact of the tax transfer system was strongest in Canada, Denmark, Finland and Sweden. But by the period between the mid-1990s and the mid-2000s, Canada had joined Switzerland and the United States as the countries with the smallest redistributive impact” (OECD 2011: 271).

## Fading of the redistributive state

Figure 2. Inequality by income type, 1976-2008  
(gini coefficients)



PART B

A NEW POLITICS OF SOCIAL POLICY?



## Old Politics of Social Policy

(1940s-1980s)

- Comparative perspective: left-right balance
  - Political base of social democratic welfare states
  - Political base of liberal welfare states
- Canadian variant
  - Centrist politics at the federal level
  - Territorial politics at the federal level
  - Social policy as an instrument of national integration and identity
  - Supplemented in 1970s and 1980s by “equality-seeking” group politics

## New politics of social policy

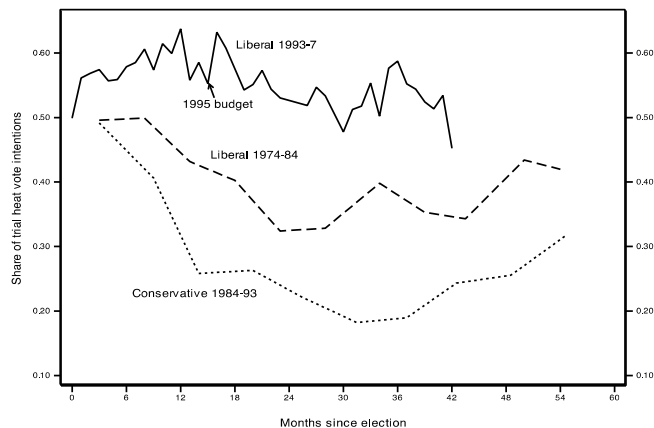
- Change in multiple dimensions of politics
  - No single factor at work
- Weakening political support for redistribution
  - Party politics
  - Group politics
  - Institutional politics
  - Public attitudes

## Changing party politics

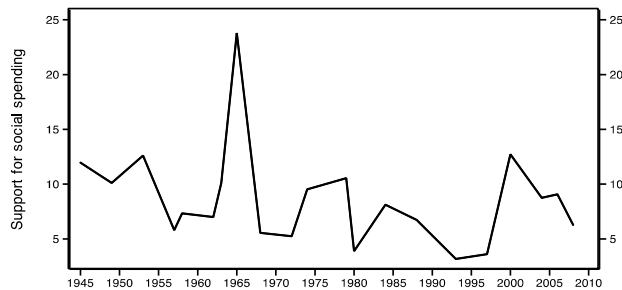
- Initial restructuring under the old politics
  - 1993-97: unusual “electoral slack”
- A subsequent realignment of party system?
  - Decline of centre party; left-right polarization
- Comparative perspectives
  - Polarization common under majoritarian electoral systems
  - Polarized party systems tend to be dominated by the right; conservative governments are three times more likely under such electoral systems (Iversen and Soskice 2006).

“Canada has never been governed (at the federal level) by a party of the left; but neither, uniquely among majoritarian systems, was it dominated by a party of the right. That part of Canada’s electoral history seems to have ended.” (Johnston)

## Governing party’ electoral prospects



## Party support for social spending (Combined election manifestos of federal parties)



## Changing group politics

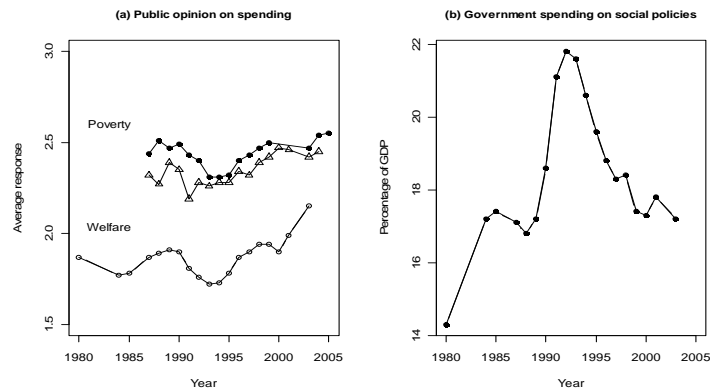
- Weakening of voices speaking for economic interests of low-income
  - Unions (versus business representation)
  - Social movements, advocacy organizations
  - Socially oriented research/think tanks
- Patterns of political engagement
  - Lower voter turnout among the poor and unskilled
  - Protest politics no longer the vehicle of the dispossessed



## Changing institutional politics

- Federalism: decline in federal role
  - Decentralization and asymmetry
  - Social policy no longer seen as an territorial integration?
  - Attempt to redefine Canadian identity
- Bureaucratic shifts
  - Shift in balance between social departments and finance
- Shifting distribution of institutional power
  - Concerted attack on inequality more difficult

## Changing public attitudes?



## PART C

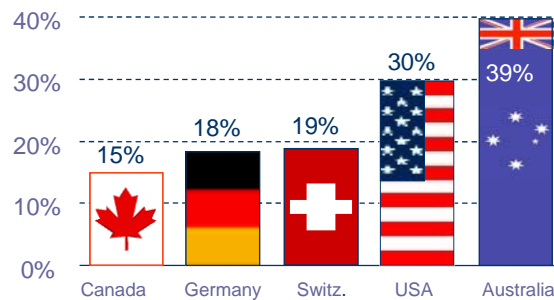
### PROVINCES, DUALISM AND SOCIAL POLICY

## Provinces and redistribution

- Can provinces reinvigorate redistribution?
  - Additional constraint of regional tax competition
  - Comparative studies of fiscal federalism
    - Constraint when intergovernmental transfers are low
  - Redistribution declined more at the provincial than the federal level (Frenette, Green and Milligan 2009)
    - Changes in social assistance
    - Changes in taxation
  - Provincial anti-poverty programs

## Comparative Perspectives

Federal transfers as a % of total revenues of other levels of government



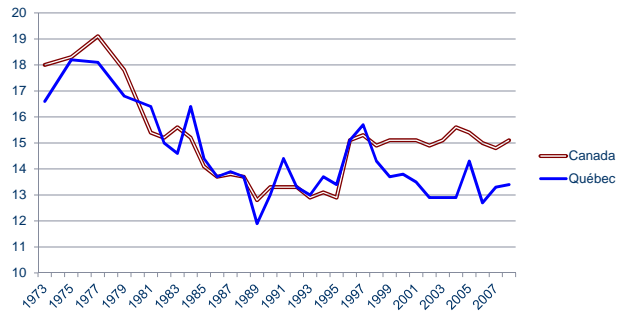
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## “Deux nations” in social politics

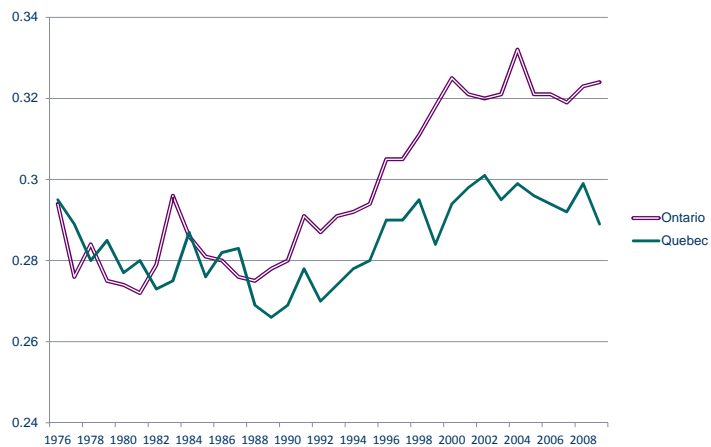
- Quebec as a strongly organized society
  - More powerful trade unions
  - Stronger women’s movement
  - Dense network of social and community organizations
  - Resembles the politics of welfare state in Europe
- Choosing a different path in late 1990s
  - Post-referendum politics/summits
  - Universal childcare, child tax credits, active labour market policies, anti-poverty program, tax levels
  - Leader or outlier?

## Poverty trends: Quebec and Canada

Figure 2: Percentage of the Population with an After-Tax Income Below 50% of the Median Income (LIM), Families and Single Persons, Canada (including Quebec) and Quebec, 1973-2008



## Gini Coefficients, All Family Units, After Tax Income, Ontario and Quebec, 1976-2009



## PART D

### DOES REDISTRIBUTIVE POLITICS HAVE A FUTURE?

## Inequality, “Occupy” and Redistribution

- Inequality
  - Emerging in political discourse
  - Unlikely to emerge as a program focus
- Importance of policy coalitions
  - In Europe, social policy innovations increasingly depend encompassing “cross-class” coalitions beyond the historic champions of the welfare state (Häusermann 2010).
  - Critical role of the middle class:
    - Choice: tax cuts versus social spending
    - Does the middle class align with the top or bottom?

## Middle class and redistribution

- Pressures on middle class

- Average real incomes have been stagnant for decades
- Relative earnings and savings of young adults have fallen in the past 30 years
- Students increasingly graduate with heavier debt loads
- Retirement: boomers facing inadequate savings

“The young and the poorly educated have borne the brunt of these forces, but significant numbers of those previously in the middle and lower middle of the occupational skill and wage distribution have also been adversely affected” (Fortin et al 2012).

## Coalitional opportunities

- The opportunities

- The combination of rising inequality, stagnant average incomes, declining relative earnings for the young, and weakening private benefits represent potential fuel for a debate on the balance between market and state in meeting the needs of the middle class.

### The needed ingredient

- These cross-currents would seem to create opportunities for strategic coalition builders.
- Where are the strategic coalition builders?