

Viewpoint

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Social Policy in Difficult Times: A Time for Discrimination*

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Unlike the popular doomsayers who have presented us with such inspiring titles as *The Sinking Ark*, *The Coming Dark Ages* and *How to Avoid the Future*, I find it difficult to be certain about the future. It doesn't seem to me that the development of society, and the culture that cradles it, has ever been a straight line from here to there. I *do* think it is possible to plan today for events that have a high probability of occurring. In fact, I believe institutions are risking their own survival if they aren't planning for tomorrow because, it almost goes without saying, the future will be nothing like the present. Nevertheless we cannot take a cosmic leap into the future—we *can* take a quarter mile at a time and foresee trends which are developing in the whole area of social policy.

The current and rising tide of concern about government spending, social and economic priorities, value for social program expenditures and the need for restraint has translated itself into new rhetoric and politics.

Whether the manifestation of the new rhetoric and politics is a federal government seeking to backpedal out of shared-cost programs in post-secondary education, health and social services or provincial governments financing public assistance well below the level of inflation, the crunch has arrived. Old ways of paying for social programs and the belief that the equity and benefits these programs engender can be adequately financed from our existing pool of wealth, are rapidly disappearing.

Greater transfers of wealth to meet domestic and foreign energy price increases have set in motion a series of adverse economic trends from which recovery is most difficult. There has been a sharp resulting boost in interest rates and inflation and a depressive effect on jobs and output. There is a massive swing into current-account deficits and movements in Canada and other countries toward the net importing of capital - a real loss in GNP - all conspire to reduce the capacity of even the most progressive governments to tax, while at the same time, reducing the capacity of existing taxes to pay today's bills.

High mortgage interest rates, high energy prices and soaring food and housing costs, have made it increasingly difficult for the average citizen to make ends meet while at the same time Canadian productivity is falling further behind world levels.

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Citizens who wonder about paying their own bills are understandably more receptive to politicians who question the necessity or affordability of social expenditures.

Yet, over many years, we in Canada have built a system of social institutions which serves us well and which we can speak about with a deep sense of pride. Our investment in human capital has clearly resulted in a high standard of living, enormous cultural wealth, a love of country and, even in these difficult times, optimism about the future.

These social institutions have taken years to build and refine but there is still much room for greater efficiency. Tough choices do lie ahead. On the negative side, there are pressures to abandon the values embodied in these programs and to undermine past achievements. Such pressures must be resisted even in these difficult times. The choices which must be made involve the relation between self-interest and the public interest, between personal desires and community needs.

I believe that the continuation of our free market system—a system in which the individual remains free to pursue the accumulation of wealth and in which economic growth continues to be a legitimate objective of society—is dependent on our collective abilities, through the instruments of public and corporate policy, to respond effectively to public interest and community needs. The success of capitalism has been related to its adaptability and to its capacity not only to generate wealth but to provide protection and support for those in need.

There is an opinion in some quarters today that the collective economic burden of social programs is too heavy and that ways must be found to control the growth of expenditure and increase the responsibility of individuals for protecting themselves against social risks. It may well be that the burden of social expenditure on the economy is heavy but we must understand that it has served us well in the past by facilitating economic growth and it can continue to serve us well in the future for the same purpose.

We must also understand that the burden of social expenditure on the economy is to some extent a function of our lack of capacity to differentiate between public needs and public wants. It may also be high because the same kind of vision which created programs has not been applied to their administration and implementation. There is a growing concern about waste and inefficiency.

Public experience with governments at all levels has brought forth increased demand for political honesty and frankness. Above all, many governments' insistence that "innovative" programs are by definition ameliorative programs is no longer accepted. New programs are no longer *a priori* better programs.

Those who offer simple solutions to complex problems often lack credibility. The public mood today is, in the best sense of the word, more discriminatory. If concern for public expenditures and social programs has brought nothing else, it has produced a new maturity and toughmindedness. The challenge now is to determine exactly what we should be toughminded about and what being "toughminded" really means.

Being “toughminded” about restraint and conservative in spending has become for some an end in itself. Understanding what we need to be toughminded about will be easier once we understand that government has not only provided for public needs in the conventional sense, it has also become, inescapably, the agent for the fulfillment of private and group wants. These latter demands cannot easily be matched by current revenues. The important distinction must concern needs. The public sector (as against the market, which seeks to satisfy diverse private wants) has always existed to meet common needs: to provide goods and services which individuals cannot purchase for themselves. The first task for the toughminded is, therefore, to begin the slow process of differentiating private wants from public needs.

Those who have adopted the rhetoric of restraint are really only attacking the weapons used to solve social problems and the competence of those who use them. To assess the validity of these attacks we need to begin with a hard look at the target itself.

Universal social programs such as family allowances, unemployment insurance, job creation and old age security often provide funds to the middle and upper-middle class who, in economic terms, simply do not need support of that kind—or at least in that degree. Often, the political popularity of universality has meant the ultimate frustration of a program’s stated goal of “economic equality”. One responsibility we must accept is encouraging greater selectivity and the direction of scarce resources to those in greatest need.

Another threat to the ability of governments to continue necessary social expenditures is the incredible compartmentalization of government efforts at federal and provincial levels. Since governments are the instruments through which taxpayers support public services, a clear task for the toughminded in the next few years is to fight for greater efficiency and optimal rationalization of social programs among the various levels of governments. Roles must also be differentiated, and duplication avoided between the entire public sector and private philanthropy.

In his historic study of 19th century America, Alexis de Toucqueville pointed out that U.S. prosperity was based on its having given free scope to the unguided strength and common sense of individuals. He also pointed out that the individualistic pursuit of wealth could divert citizens from community needs. This danger was averted, he felt by the American traditions of local self government and private voluntary associations which focussed attention on public as opposed to self interest.

In Canada the restoration of prosperity through the stimulation of individual self-interest has again become a primary object, at least momentarily, of many. We must not, however, allow concern for economic revival to become synonymous with abandonment of the principle of collective interest. Voluntary commercial and trade associations as well as corporate donations policies must play a greater role in shaping the kind of public policies which will, on the one hand, stimulate greater economic enterprise and on the other provide greater opportunities for millions of Canadians.

Looking to the future, a number of issues will determine the role of philanthropy.

First, resource constraints are almost universally perceived as being a limitation on philanthropy. Even in good times there was never enough money to satisfy educational, social and cultural administrations. Now, there will be even less. As administrators, we, along with our boards must take increasing responsibility for our own future. We must summon the will and energy to commit ourselves to maintaining our social and cultural institutions for the next generation, even in today's climate of uncertainty.

To make that commitment possible, we must be prepared to discriminate between core and periphery, between quality and quantity, between allegiances to past practices and necessary commitments to future requirements.

As we become more discriminating and selective in our planning, our philanthropy must also become more discriminating and selective. I believe the days of random private donation are numbered and maybe that's as it should be. We can all cite cases of counterproductivity when government social policies and private sector giving policies operated at cross purposes. In the future, private giving policies must converge with general public policies in the social policy fields. Such convergence need not be reactive. Organizations such as The Canadian Centre for Philanthropy, the Institute of Donations and Public Affairs Research and the Council For Business And The Arts In Canada can, and should, be in continuous consultation with those in both the federal and provincial governments who must set social policy priorities.

For private giving to become more discriminatory, broad policy priorities must be established in every area of social policy so that private philanthropy may complement or reinforce public spending. More discriminatory giving also requires donors to take a hard look at the planning and management of organizations they support.

In reviewing requests for donations I would suggest a number of factors be considered. The first could be described as: initial conditions. How did the organization get where it is today? How good is it *vis à vis* other similar organizations? Where does it wish to go in the future? Does it have a vision and is that vision shared by its major constituents? Will the donation increase the long-term relevance and viability of the organization?

The second factor is: needs as opposed to wants. Does the organization provide for core or basic needs? How many would suffer without the service and how intense would the suffering be? Are other organizations or programs available to meet the need? Crucial to discriminatory giving, is the need to distinguish between core needs and peripheral wants and the need to resist faddism in favour of programs that meet real needs effectively and efficiently.

The third factor could be called: self-help criteria. Has the organization made the often difficult internal choices between competing services or programs through the reallocation of its resources, or is the private gift to be used so as to avoid difficult choices? Are internal sacrifices being made in the short term in order to trim and strengthen the organization for the future, or are private funds being sought to avoid the necessity of choosing? Are unproductive or low-

priority activities being phased out so key areas can be expanded?

The fourth and final factor is: is the organization reallocating its resources so as to maintain quality in its core activities? In this area you must be guided by your own judgment, since quality is always a subjective matter.

I believe the long-term survival of our social institutions will depend on a mix of public and private support; institutional streamlining and improved efficiency; on sacrifices which may not be equally distributed within or among institutions; and on well-researched decisions by private donors. Increased convergence of private giving and public policy priorities will ensure maximum effect as resources decrease.

Canada is blessed. It is blessed with diversity . . . resources . . . and a heritage of tolerance, understanding and freedom. We have developed a social policy system that is second to none in the world. All that is lacking is the recognition that the wise care of that system is as vital to our survival as a confederation as any other form of defence of the realm.

Above all, periods of restraint must not be allowed to become breeding grounds for a new selfishness but rather fertile ground for development of creative choices and tough management.