

Social investment: Not a matter of either/or [CA] ^[1]

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EXCERPTS

On Jan. 23, Canadians will pull on their boots, pick up their shovels and dig through record levels of mudslinging, electoral cynicism, and declining trust in government. Trudging out into the cold of the federal election, some Canadians will even find some honest-to-goodness policy choices.

For those who vote, the challenge is to grasp the real choices buried beneath the political rhetoric.

Some candidates, for example, tell us we have to choose between social investments, and market-based initiatives; between a universal and quality national child-care strategy, and a child-care allowance with increased incentives for private child-care providers.

Some politicians gain profile by presenting us with a simplistic vision of social policy.

They use the time-worn argument of a so-called "trade-off" between social policy and economic growth and productivity, often dubbed the "equity-efficiency trade-off." The bottom line for efficiency advocates: Economic investments, not social investments, are the key to the well-being of Canadians.

The truth is, few economic theorists or policy-makers today draw such stark lines in the sand.

The equity-efficiency trade-off is more myth than reality. Over the past decade economic and social policies have become increasingly interdependent.

The evidence is that social factors all contribute to productivity growth.

Social programs enable disadvantaged groups to acquire and develop skills and abilities.

Ineffective social policies, on the other hand, carry economic and social costs.

Persistent inequalities in educational achievement, in secure employment and in access to affordable housing, for example, are costly in terms of lost productivity, foregone tax revenue, and reduced consumer spending. They also mean spending more on income assistance, social services, health care and security.

What's more, inequality marginalizes vulnerable groups, fuelling social and economic exclusion and instability. Witness last year's intense rioting that began in Paris.

The quick fixes presented by some politicians make good sound bites, but they do not address the reality that a strong economy and good social policy are two sides of the same coin.

Good policy design involves careful weighing of social and economic options and the participation of social and economic actors across a number of sectors.

Real policy choice is about balancing the relationships between and within governments, markets, communities and families - or finding an appropriate "policy mix" - to achieve social and economic health. Getting the policy mix right means recognizing that, in some instances, a dollar invested in a social program will yield a higher return than one invested in the economy.

There are plenty of non-economic reasons to support social policy in Canada. Social programs that promote higher levels of inclusion and equity are still public goods, central to our social contract and the goals of distributive justice.

But if that logic isn't enough to sway you, then the economic rationale for strong social policies should do the trick.

Beware the icy effects of simple choices. Bundle up and vote for social policy.

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