

**Today's Economic Realities:
Where Does Work and Family Fit?
The Search for Balance**

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What are today's economic realities?

Although there are many "realities" today, the major influence on the organization of work and, indeed, our society is the change to the norms, culture, and relationships which formed the social compact between business, labour, governments, and the people. The Old Social Compact has been torn up.

The "old compact" had many provisions. Some of the major elements are discussed below.

Companies would share benefits with Workers

"As companies do better, their workers should too." In essence, rising real wages would accommodate increases in productivity; new jobs would follow from corporate success.

Stakeholder involvement and benefit

This same private-sector expansion would benefit other stakeholders - the local community, customers, and stockholders.

Social Insurance

- UI

If unemployed, replacement income would be made available to allow for other work to be found. In Canada, there was little difference in treatment whether the loss of a job was the result of a decision by the employer or the employee. In some sense, the result was a "lack of fit", and the agreement was that the person would seek employment elsewhere, supported in that search by UI benefits.

- Social security

The post-war baby bonus became a universal Family and Youth Allowance. Old Age Security payments (OAS) were provided to all people over 64, with additional funds to those in financial need through the Guaranteed Income Supplement (GIS) The Canada Pension Plan (CPP) was instituted in 1967 to provide a minimum base for workers' retirement, and followed by a tax-subsidized registered retirement savings plan to cover those not otherwise covered with private pensions.

- **Social assistance**

Provinces undertook to ensure that the poor, unable to find work or to work for health reasons, were provided an adequate income. The cost of this was shared by the federal program through the Canada Assistance Plan (CAP), with provision that the program be accessible to all in need without delay.

- **Health care**

Based on the successes in Saskatchewan, hospital and medical care was provided by the provinces, again with federal cost-sharing and with emphasis on universal access, without direct payments by users.

All of these provisions for social insurance reflected a collective will to share the costs of such risks through pooled funds, with the expectation that those who needed it should have it.

Access to a good education

Free education through secondary school had become a standard, with substantial growth in post-secondary education (universities, colleges, etc.) also provided in a highly subsidized way. The "deal" was that a student would work hard, give up early entry into the labour force, and, in return, would receive a good education largely paid for by the state. The state would expect to recoup its "investment" many times over through the tax system and the reduced pressure that an educated person should place on the social safety nets.

Regional redistribution

In Canada, there was also an element of regional redistribution - partly reflecting the vastness of the country, and partly reflecting the lack of mobility of Quebecois as a result of the lack of French-language services elsewhere in Canada.

This notion of regional redistribution is a part of the Canadian social compact, with emphasis on "place prosperity" as well as "people prosperity".

The commitment to regional redistribution was made visible through equalization, through regional economic development activities (DREE, DRIE, etc.) and through major capital projects with regional implications.

The Breaking of the Social Compact

Although frayed edges may have appeared in the mid - 1970s, the social compact seems to have started coming apart in Canada and the US around the late 1970s and early 1980s and is continuing today. It has also broken down on all fronts - corporate, labour, governments, and families.

Business

The form of the problem includes:

Down-sizing, declining real wages, loss of benefits, anti-union activities, loss of pensions, consolidation of plants, off-shore movements of multinationals, etc.

Polarization of wages also has occurred, with only the top jobs receiving real growth in value, with declining real wages in most jobs.

Labour

Labour withdrew from any consensus-based institutions with the federal government and began an attempt to regain strength through confrontation and strikes. This in the end accomplished little, although the alternative strategy is not clear.

Governments

Perhaps the biggest disappointment has been the behavior of governments. Rather than trying to maintain the compact and offset the shocks, they have picked up the rhetoric of the private sector and applied it to their own operations. We have seen this in the form of down-sizing of public employment, user fees, and pushing off on to others the responsibility for government functions (downloading, or "home care" or soup kitchens). More specific points are covered below.

Government cutbacks of all parts of social insurance package

In the early 1980s almost all unemployed people received UI benefits. In 1997, this number is less than half, real benefits per week are lower, and the duration of benefits is shorter.

Family Allowances have disappeared to be replaced by a child tax benefit without indexing. Promises of daycare proved to be empty. Social assistance benefits have been cut absolutely and not indexed.

Health care is under strain in every jurisdiction, with substantial real declines in per capita spending, adjusted for demographic changes.

Rising tuitions at tertiary institutions

Provincial governments have increased tuitions and other fees for post-secondary institutions, while reducing grants to the same institutions. Real spending per student continues to decline.

Abandonment of regional development

The federal department of Regional Economic Expansion is no more, and the loan-oriented replacements are small and declining in influence. (ACOA, WEDO, Northern Ontario, and Quebec - FORD).

Downloading on provinces

Initially the federal government slowed the growth of transfers under Established Programs Financing (EPF). This was evident from 1984 through 1991. Then, in the middle of the recession, they put a maximum growth ceiling of 3% on the Canada Assistance Plan (CAP) for the three relatively well-off provinces (BC, Alberta, and Ontario). But this was not enough. In 1995, the federal government abandoned CAP and EPF unilaterally, and brought in the Canada Health and Social Transfer (or CHST), with dramatically less cash and no link to provincial activities.

These shocks to provincial balances, in turn, led to cutbacks of spending by the provinces, increased taxes, and a reduction in transfers to municipalities. In turn, municipalities have reduced services, increased user fees, and attempted to encourage those in need to move to other areas.

Individuals and Families

While all of these shocks are coming from business and governments, people are also changing their behavior.

In the US this change was described by Amitai Etzioni [1996:65 ff.] as:

"... from 1960 to 1990 there was a rising sense of entitlement and a growing tendency to shirk social responsibilities. Americans felt that governments should be curtailed and that they should pay less taxes, but at the same time they demanded more government services on numerous fronts.

"The role and influence of religion declined.

"By the 1980s, Americans paid only lip service to some core values and showed significantly lower commitment to others - marriage for instance.

"Respect for authority declined sharply.

"Voter turnout declined.

"Alienation rose."

Do these sound familiar? Let's look at the outcomes in two economic areas - real wages and real disposable incomes.

Real wages (including unincorporated income) have been losing ground relative to economy-wide productivity for many years. There was some "catch-up" in the early years of the recession when productivity declined and real wages rose modestly.

However, the gap is now over 8% and it is projected to narrow only slowly through 2006.

This poor performance of real wages is one of the reasons for the dismal income growth, and also is part of the reason for the increasing disparity of earned incomes between the rich and the working poor. Real disposable income per household continues to decline, even with productivity gains in the economy.

Permanent layoffs are growing, with replacement by "just-in-time" contract workers, without benefits or security.

There is increasing social exclusion (those left out of society), including immigrants, the young, aboriginals, and women.. Weakening social cohesion among those "inside" is evident - with current networks being weakened by governments, by emphasis on individualism, by technologies, by changes in social arrangements.

Although "globalization" is often used as the scapegoat, these choices are being made dominantly by Canadians for other Canadians.

Out of all of this is an increasing questioning of "What it is all about? Why are we here?" And even if the goal of life is not clear, there is a strong sense of imbalance - in time, in income, in power, and in health.

Michael Wolfson in a recent study noted that the **combination** of having adequate leisure time, discretionary income, and good health is a relatively rare event - enjoyed for less than one-tenth of an adult lifetime (3 - 6 years).

"... during phases of the life cycle when individuals have high incomes, they have little time, or when they have lots of time, they have either poor health or relatively little income." ¹

What do we mean by "balance"?

At the level of the individual - the essence of the idea is the allocation of our finite time on earth across a number of activities - family, paid work, contribution to community, and self. For society the notion extends to choice for all its members.

Lifecycle

Charles Handy suggested a lifetime or lifecycle view be taken, with three episodes of about 25 years each in duration. The first twenty-five years should be dedicated to growing, learning, and choosing a vocation. The second twenty-five years is spent in paid work, raising a family, and saving for the next period. The third period should concentrate on contributing to the society in which one lives.

How many of us could follow this pattern? How many of us have the time?

Rather we seem to face a melange of training, re-production, child-rearing, paid work, unemployment, unpaid work in the household, while coping with community obligations, illnesses in the family, with added crises at any time.

Annually, weekly

Vacation, holidays, short courses - updating, family events. Family or parental leave from paid work.

Daily

Enough sleep each night? Able to listen to kids' problems? To spend time with your spouse? To exercise? To smile?

Across Society

If you feel that you have "balance", what about others? Your spouse? Your co-workers?

This raises the other notion of "balance" - that is that various groups in society are able to obtain "balance" in their lives. Do women with young children have "balance"? What about minimum-wage workers with family responsibilities?

Why do we seek "balance"?

Although "balance" sounds good, what does it really mean? What motivates us to improve the balance? Lets examine this notion from several perspectives.

Employees

Employees want the time to:

- do the job well
- expand human capital
- recharge batteries
- participate in the family
- raise children
- improve health through fitness, nutrition, and health care
- maintain mental health
- enjoy leisure

Employers

The benefits to an employer in ensuring that employees have "balance" include:

- more productive workers
- less absenteeism
- lower turnover
- more profitable operations
- improved capacity to recruit young people

As well, if employers proceed with vigor to improve the balance among their employees, it is less likely that legislation will be needed to "encourage" such actions.

People and Society

The benefits to society of better balance of time use by its individuals include:

- the development of stronger families
- improved community and other social networks
- more productive and competitive organizations
- improved capacity to meet the needs of younger and older generations.

At present, families face substantial obligations. Over 75% must provide child care, 66% provide elder care, and 18% do both. Failure to meet these obligations increases the pressure on other parts of society.

Governments

Overall macroeconomic performance will be enhanced, both through higher productivity in the workplace, and lower unemployment as a result of less overtime and more people working with fewer hours per worker.

In turn, such changes will reduce the social costs of higher unemployment, reduce the stress of no work or long hours, helping to reduce health costs.

Enhanced time for child care should also help in quite fundamental ways - with healthier children, improved performance in schools, and fewer problems in later life

A balanced society is also a more attractive environment for retaining existing "foot-loose" industries and attracting new ones.

Where is the "problem"?

The Workplace

In too many organizations we hear that employees are frustrated because they have no choice about the conditions of work, with the results of:

Low morale

Not using skills

Blocked promotion

Low satisfaction

High stress

Low commitment to the job.

... people who are chronically stressed are more susceptible to illness, especially infections, a worrisome finding considering that overtime is at "an all-time high" and people are now connected to their jobs 24 hours per day, thanks to e-mail and modems and cell phones..(write the authors of **Beating the Supergerms.**)

A landmark Canadian study released this year found that senior public servants have significantly more health problems, such as respiratory and gastrointestinal infections, than the norm because of job stress. [Ottawa Citizen, September 1, 1998, C1]

Survey attributes glum attitude to 'survivor syndrome' of those who lived through downsizing during recession earlier in the decade.

... Workers were less happy on a number of fronts:

- Satisfaction with pay was 51 per cent, down from 60 per cent in 1991.
- Fewer workers thought their workload was reasonable , at 62 per cent compared with 69 per cent.
- Only about one third reported their company sought employee suggestions, a drop from 40 per cent. Just 25 per cent ... believed employee suggestions were acted on.
- Only about one in four Canadians said they trust the people they work for.

... the findings show the bonds holding companies together are breaking down and there's a "greater disconnect" between where top bosses and workers think organizations are going.

(Vancouver Sun, May 30, 1998)

Employers who **consistently** maintain a supportive work environment find a quite different story emerging. But the problem is that less than 50% of firms operate this way.

The Home

All of the evidence suggests that providing adequate child care in the first six years of a child's life is crucial to their long term social and mental development.

Families that stay together are usually a plus for both the parents and the children.

With longer life expectancy, an increasing need for elder care by children and grandchildren is a growing reality.

To the extent that work-family frictions contribute to stresses making the achievement of these objectives more difficult, then there is a social problem.

"Parents should never have to choose between the job they need and the child they love." Bill Clinton, State of the Union Address, 1998

As Judith Martin noted at the time, increasingly those choices involve other family members or aging parents, as well. The sooner we ease the burden of having to make those choices, the better off everyone will be. (private communication, February 12, 1998)

How do we change?

Workplace options

In the US, the federal government has identified a number of actions to improve the federal work place. This should represent a minimum set of objectives for Canadian governments.

The US. federal government as an employer has approached the challenge of creating a family-friendly workplace by announcing the following seven steps:

1. We should make child care more affordable.
2. We should heighten awareness and availability of elder care programs.
3. We should increase employee use of flexible hours.
4. We should greatly expand the number of federal workers who telecommute.
5. We should encourage men in their role as fathers.
6. We should promote employee feedback.
7. We should hold leaders and their organizations responsible.

(Al Gore, **Turning the Key: Unlocking Human Potential in the Family-friendly Federal Workplace**, 1997, iii-iv)

There are many such lists, although usually picking up only several of these items. The general themes include:²

- **A Supportive Corporate Culture** - recognition of the importance of top management commitment on a daily basis for the success of the program.
- **Flexible Work Policies and Practices** - part-time, flexible hours, virtual offices, telecommuting
- **Life Cycle Benefits and Programs** - need to tailor programs for people at different points in their life cycle (child rearing, further education, elder care)

But many of these measures are quite modest. More innovative steps include:

- Increase in Unpaid Family Leave and introduction of Paid Family Leave (PFL)

- 32-hour week and all its emanations, including restrictions on overtime, education and training leaves, etc.
- Supportive work environment, through full involvement of managers on a consistent basis. This includes formal training of supervisors to be supportive.

Sharing responsibilities in the family

Although every man knows he should be more involved in child-rearing, it is very difficult to overcome the other demands of work, including the peer pressures from co-workers.

A strong incentive is needed. Fortunately, one has recently surfaced.

Life expectancy of men is about 5 years less than that of women. This characteristic is common across many countries and societies. Indeed it is also characteristic of most primate species. But there are exceptions.

The Economist (June 13, 1998, p.80) reports that this pattern is broken by several species of monkeys - the Titi and the Owl - in which the male is heavily involved in child-rearing, even more so than the female. In such cases, the male monkey actually lives longer than the female - about 20%. This is opposite to the outcome among other primates, with the males usually living shorter lives. (Female chimpanzees, for example, live about 40% longer than males.)

This may imply a special benefit to men that become much more involved in child-rearing. Will the life expectancy gap close in the future?

Governments

Encourage shorter hours, through alterations to payroll taxes, increased flexibility in moving back and forth between part-time work and full time.

Encourage paid family leave, not just at child-birth but as an ongoing benefit to employees with children, and for employees with responsibilities for elder care.

Unpaid family leave should become universal.

Raise minimum wages, allowing people to earn enough income to avoid poverty without working long hours.

Governments as employers should lead in providing balance between family and work.

Leadership

There is much concern on the world stage that we are becoming "leaderless", with no one providing examples to live by, and no one asking how to achieve a better society.

In Saskatchewan you are different! Roy Romanow has shown leadership by establishing the **Balancing Work and Family Initiative** with **Judith Martin** as the Executive Director and appointing the **Public Task Force**. The members of that task force have allocated their time along with many of you that made representations to them, seeking ways to improve the balance between family, jobs, and other activities. This too is leadership.

The challenge for leadership now moves to public and private sector employers, unions, employees, families, and others to pick up the suggestions and recommendations for change and to aggressively move forward to the development of a balanced society in Saskatchewan.

It is also expected that the new Minister of Labour will be fully briefed and, more importantly, inspired, by Bob Mitchell in his parting comments.

Remember the closing comments of the Public Task Force Report:

" ... this is a serious issue in the province for which there are some practical solutions that make good business sense. We can become more family-friendly and it will be of mutual benefit to employees, families, and employers." p. 36

While others at the conference have urged the creation of a "made in Saskatchewan" approach to achieving better balance between work, family, and the community, I hope you will "export" the product to the rest of Canada. We need it!

¹¹ Michael Wolfson and Geoff Rowe, "Lifepaths - Toward an Integrated Microanalytic Framework for Socio-Economic Statistics" (Statistics Canada, July 1998) Working Draft.

² Robert MacGregor, Work and Family Policies: A Win-Win formula for Business and Society (Minnesota Center for Corporate Responsibility, February 1998) at www.cyfc.umn.edu/Work/familypolicies.html