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The Individual and the Welfare State

The general subject of the Dunning Trust Lecture for 1976, as it was defined for me by the Committee, is the Canadian situation as we enter the last quarter of the twentieth century; and the suggested theme is "The Preservation of Individualism; Towards the Year 2000." The theme is vast and intimidating; the title implies, if it doesn't demand, prophetic powers. Unfortunately, I am not a prophet, or the son of a prophet, but an historian, and the business of the historian is notoriously not with the future, but the past. A.J.P. Taylor, the British historian, in a broadcast last autumn which some of you may have heard, declared that he never ventured to predict the future. Coleridge went even further; he believed it was impossible for men to gain any guidance from the past. "The light which experience gives is a lantern on the stern which shines only on the waves behind," he declared. If I believed this emphatic statement literally, I could hardly have accepted the invitation to give the Dunning

Lecture for 1976; but it seems to me that Coleridge has made a far too unqualified rejection of the value of the past as a presage of what is to come. The waves behind the vessel which is carrying humanity forward into the unknown are not entirely devoid of meaning for the future. They can teach us in what direction the winds of change are blowing and on what course the chief currents of our age are set. The trends and tendencies of contemporary Canada may provide some useful indicators of what lies in store for us; and this is the possibility which I should like to explore tonight. I shall not look back further than the end of the Second World War; the range of time for investigation is the last three decades of our history. Many people in this audience tonight will have clear recollections of all or most of these thirty years; even the youngest will probably remember one or two decades vividly. It is to this common fund of experience that I am going to appeal tonight.

It seems to me that there are two general features of this period, one economic and one political, which

stand out in conspicuous prominence as one looks back over it. The first of these is the steady advance of economic growth and material prosperity, and the second is the uninterrupted development of the planned and organized welfare state. These two prime constituents were, of course, intimately related, and influenced and strengthened each other, but they had different origins and were predicted by two quite different prophets. J.M. Keynes, in his General Theory of Employment, Interest and Money, proclaimed the coming of the planned, directed economy. Sir William Beveridge in his report on Social Insurance and Allied Services affirmed the possibility of social security for all. There was a third, admittedly junior prophet, James Burnham, the author of the Managerial Revolution, who was the first to perceive and describe the approaching triumph of management and administration over the political ideologies and political parties of the past. Each of these three prophets made a significant contribution to the body of ideas which were to build the post-war world, and which were accepted by Canadians with perhaps greater conviction and fewer reservations than

by any other people in the world. Keynes had proved that, with his ingenious counter-cyclical techniques, the dismal succession of economic boom and bust could be ended for ever. Beveridge had demonstrated to the satisfaction of most earnest Canadians that social insurance and welfare services could rescue long-suffering humanity from the painful hazards of unemployment, poverty, disability, illness and old age. Burnham had little difficulty in convincing the only too susceptible civil servants in Ottawa - and later, of course, the equally impressionable public employees in every province, city and municipality in the country - that planning, management and administration, carried on by their own highly trained and talented selves, was the real road to the postwar happiness of Canada. Canadians, in short, accepted these three books of the economic and social New Testament with all the zeal of converts to a new religion. Without any doubt or uncertainty, everything was going to be good in this best of all possible postwar worlds.

Undoubtedly also, the Canadian individual was certain to be its chief beneficiary. Individualism and the individual would flourish as they had never flourished

before in this Canadian earthly paradise. Constant economic growth, rising prosperity, and comprehensive social security would not only offer the individual far more inviting opportunities for self-expression than ever before, but they would also free him from the old fears and anxieties, the old inhibitions and oppressive social prohibitions which had shackled his spirit in the past. Canadians need no longer live in the constant dread of prolonged unemployment, of the crippling expenses of a major operation or a serious illness, of the despair and humiliation of indigent old age. They had been liberated from the time-consuming drudgery of the past by the gadgets and labour-saving devices of a constantly expanding proliferation of goods and services. They were also rapidly escaping from the rather old-fashioned pre-war Canadian morality, including its fairly rigid code of sexual behaviour. Unapologetic couples lived freely together without the knowledge of the state or the blessing of the church; the number of divorces steadily increased; the pill was available, and abortion was possible, although within fairly strict limits. The varieties of human indulgence and human

depravity seemed to grow without ceasing. There were drugs, and greater drunkenness, and more accidents on the highway, more juvenile delinquency, and more violent crimes. People went about everywhere in extremely casual dress or undress; they talked about whatever entered their heads; and much more than in the past they used whatever four-letter words they thought appropriate to the occasion.

The new age created a glad sense of emancipation; it also brought a still more exhilarating feeling of opportunity. There were government grants for undergraduate and graduate education, and for most forms of specialized training; and appropriate training provided an entrance into a far wider range of employments than had ever existed before. The old professions and trades still continued, of course; but the coming of the welfare state had vastly enlarged their usefulness and at the same time offered a number of completely new careers. The business of planning, regulating the economy, and providing social security for all required whole companies, which soon became battalions, and ended up by turning into armies, of civil servants and public employees. There were

scientists, economists, statisticians, technicians and accountants. There were lawyers, psychiatrists, sociologists and social workers. There were designers, architects, town planners and contractors. Even the steadily increasing ranks of the public service didn't apparently satisfy the urgent needs of government. It discovered periodically that it had to engage some additional and very expensive expert help for commissions, investigations and studies - the results of which, oddly enough, never seemed entirely satisfactory, for they were almost always followed by further commissions, investigations and studies on the same difficult subjects. It was exacting but very well rewarded work; and it had other novel compensations. Politicians, town councillors and senior public employees were always discovering important conferences, in remote and attractive parts of the world, which it was absolutely essential for them to attend in the public interest. Vacations seemed to grow longer and holidays more frequent. It was always possible to pop down to Florida or the West Indies, or to pop over to Hawaii for a few of the darkest weeks of winter. Travel became, in fact, one of the principle activities, and tourism one of the main industries, of the welfare state in Canada. Every summer the big planes

carried scores of thousands of exhausted Canadians across the oceans to Europe and Asia, the old and middle-aged for organized tours and cruises, the young for happy, footloose wandering.

## II

Economic growth, social security, and expert planning and management - the blessed trinity of Canada's post-war earthly paradise - certainly offered a wide variety of pleasures and benefits to individual Canadians. For a while they could hardly have been more pleased and grateful. Their belief in the new gospel of productivity and security had an almost early Christian simplicity and fervour. It was not until a good deal later, when the 1960's were declining into the 1970's, that they became aware of a growing sense of uneasiness. Constantly increasing production and constantly expanding welfare services, which earlier had been venerated like the articles in a Confession of Faith, now began to awaken doubts and questionings. There was no doubt that the new system produced gains, but it was also certain now that the gains entailed some very heavy costs.



The rise of the individual and individualism had obviously been balanced, if not overbalanced, by the enormous growth of the big organization, both economic and political. The individual, in fact, now found himself confronted with two species of leviathan, the huge industrial and commercial corporation on the one hand, and the welfare state and its subordinate agencies and marketing boards on the other. Between these two formidable bodies the individual was rapidly reduced to a position of unhappy but helpless insignificance. The fifty-odd dominating companies in Canada, most of which were either monopolies or oligopolies and owned and controlled in the United States, had long ceased to compete with each for the benefit of the consumer, as poor old Adam Smith had said they should; they decided what products they would produce, and at what prices they would sell them, in the confident knowledge that relentless advertising pressure would virtually force the Canadians to buy. The three levels of government in the Canadian welfare state showed much the same urge towards aggrandizement and monopoly, and much the same eagerness to shape and control all the chief elements and circumstances in the lives of their

citizens. Theoretically these governments were responsible to the Canadian electorate; but in actual practice these democratic controls turned out to be virtually worthless, partly because all political parties, whatever their names, adopted ~~virtually~~<sup>nearly</sup> identical growth and welfare programmes, and largely because the programmes had been devised, not by removable politicians, but by immovable bureaucrats. Even moderate-sized municipal governments, which up to that time had led a very unambitious existence, now extended their boundaries to take in new territory and more taxpayers, or combined together to form imposing new regional governments, directed by suitably high-priced administrators. These magnified municipalities promptly joined the provinces and the federal government in the pursuit of developmental schemes and projects which the planners and bureaucrats at all three levels had decided were essential for the improvement of the quality of Canadian life. New airports, suburban housing developments, satellite cities, community centres, municipal zoos, public swimming pools, recreation centres and huge

*and now the new stadium is built in the  
heart of the city*

new stadia - all suddenly became essential to human happiness in Canada.

The principal features of all these developments was that they cost an enormous amount of money. This didn't trouble the planners and developers a bit; they liked it. In their opinion, the only reliable way of measuring progress was in monetary terms. They all assumed that if, unhappily, financial difficulties did arise, the proper way out of them was not to drop or postpone construction, but simply to increase taxes. Gradually, but with increasing speed in the end, the welfare state took on the character of a continuous and savage struggle between three levels of government for the taxpayers' money. In the far-off dark ages before the war, a good many people had paid little or no income tax; but the federal government, the wartime pioneer of progressive income taxation in Canada, soon ended this glaring inequality. It conceived an idea which, like all great ideas, was remarkable for its simplicity; it realized that while rates of taxation might be diplomatically altered, one way or another, tax exemptions ought to be never - or hardly ever - increased. The

wisdom of this great principle grew more obvious as inflation increased. The federal government graciously indexed old-age pensions - and, of course, its own salaries - to the rising cost of living; but it never made the unthinkable mistake of indexing its tax exemptions to the declining value of money. Soon everybody - or almost everybody - was paying taxes, just as everybody was paying the prices which the giant monopolies and marketing boards set. Reduced to their essence, Canadians were not so much individuals as taxpayers and consumers - or rather, not exactly consumers, for it didn't matter whether they used much of the junk they bought, but purchasers, buyers.

This basic economic uniformity was one important manifestation of a growing equality, in which the individual seemed likely to be submerged. Equality was, of course, one of the proudly avowed aims of the Canadian welfare state. From the beginning, it had attempted, through equalization payments and social welfare transfers, to level out the gross inequalities of income between provinces and social groups.

Equality had a solid basis of statute law and government practice; but it also acquired the support of a new way of thinking about man in society, a body of popular ideas and assumptions which might almost be called the philosophy of the welfare state, and which differed radically from the views of the vanished age of individual initiative and free enterprise. The new social orthodoxy was, in fact, the exact opposite of "Social Darwinism," the extreme form of nineteenth century economic liberalism, which had been popularized in England by Herbert Spencer and William Graham Sumner in the United States. Social Darwinism conceived of life as a mortal combat between the able, the talented, the strong and the ambitious, who properly reaped the rich prizes which society had to offer, and the mediocre, the incompetent, the feeble and the apathetic, who were deservedly defeated and eliminated. These draconian principles were denied and rejected by the received thinking of the welfare state. Competition, it declared, was no longer the vital social principle which ensured the progress of mankind; the whole conception of justified success and deserved failure,

of earned rewards and merited deprivations was wrong. Uniformity and equality became instead the apparent goals of the welfare state. The very idea of an "elite" of any kind was regarded with dark suspicion. The old-fashioned virtues - responsibility, perseverance, *thrift*, devotion, hard work - which in the past had been thought to merit success, were now judged coolly and not very sympathetically; popular undergraduates won applause by jeering at what was called the "work ethic." The real interest and concern of Canadians was increasingly lavished, not on the successful and powerful, but on the poor, the unfortunate, the deprived, the incapacitated and the unsuccessful. Sympathy, understanding, empathy and - above all - compassion became the fashionable emotions of the welfare state. Compassion was, in fact, its keynote. This affecting word was used repeatedly and unctuously by politicians, municipal councillors, administrators, social workers and journalists; and perhaps its greatest advantage as a professional sentiment lay in the fact that there was almost no limit to the number of occasions which could call it forth. Devotees of the welfare state were always busy discovering new and hitherto unsuspected pockets of

human misery, of still unrecognized deprivation or ~~injury~~<sup>injury</sup>, which demanded our instant attention and a warm, compassionate gush of tears.

### III

As the 1970's approached and the welfare state drew closer to the end of its first quarter century, the Canadians, as individuals, might have been a little puzzled how to draw a satisfactory balance sheet of its results. It was now obvious, of course, that the system had disadvantages as well as benefits, and losses as well as gains; but so far the Canadian faith in its wisdom had been qualified mainly by a vague general feeling of uneasiness and misgiving. Then, in the early 1970's, this faith was rocked by two serious disillusionments, disillusionments which centred not on the accidents, but on the fundamentals of the new regime.

The first and more important of these fundamentals was the insistence of the rulers of the welfare state on their ability to regulate the economy. Most Canadians had never heard of John Maynard Keynes and hadn't the remotest idea of what contra-cyclical policies meant ; but they had been repeatedly informed by politicians

that the aim of government was full employment and repeatedly assured that they could end the dreary sequence of inflation and depression. In the early years of the welfare state, at the time of the Korean War, the then Minister of Finance, followed these Keynesian principles with fidelity and vigour and with considerable success. In 1969, nearly twenty years later, the Trudeau government attempted to apply some of the same remedies, but with very different results. For Trudeau and his cabinet the most calamitous of these consequences was that they nearly lost the general election of 1972. They drew back in horror. For them, as for all politicians, the ultimate disaster is loss of power. The unpopular policies were quickly abandoned; and it was not until the autumn of 1975, when most people agreed that the nation was travelling rapidly down the high road to catastrophe, that the Trudeau government introduced the anti-inflation programme which it had rejected little more than a year before.

The failure to regulate the economy was not the only failure with which the regulated welfare state was charged. It was also accused of altering and debasing



the character of its other basic function, social security. "Social Insurance" as Beveridge himself had called it, was not originally conceived as a government handout to everybody from general taxation, but as a means whereby responsible citizens could protect themselves from life's hazards by regular payments into what was essentially an insurance fund. Family allowances were outside this category, of course; and it was realized, although only after a good deal of deliberation, that premiums for old-age pensions would be too difficult and costly to collect on a national scale. Instead, in order to make Canadians realize that they were paying for their own protection, the government assigned a percentage of certain named taxes, and later a particular and special tax, to cover the cost of the programme. Even more obviously unemployment insurance was intended to be a self-liquidating project which would pay for itself through the contributions of labour and management.

For a while, all seemed to be working according to plan. As the decade of the 1970's opened, it looked for a while as if social welfare payments might actually

be on the decline. Unemployment improved slightly in 1971, and after ten years of a steadily falling birth-rate, the number of children qualifying for family allowances had radically declined. In earlier times, government would probably have greeted these savings with relief and gratitude; but by now it had become almost an iron rule of the welfare state that expenditures for social security must always go up and never down. The Trudeau administration hastened to prevent what might have become a serious miscarriage of social justice. It increased the allowance for each child and raised the age limit to include those rather substantial children, the late teenagers. It also lowered to eight the number of weeks a year a Canadian would have to work before he could draw unemployment insurance benefits for the remaining forty-four. This generous enlargement enabled seasonal, temporary and casual workers to milk the fund for infinitely more than they had ever put into it, and forced steady workers and angry taxpayers to foot the bill for the huge shortage. The fund had ceased to be a genuine insurance fund; it had become one more enormous

burden on an overloaded treasury, a creator of bigger deficits, bigger debts, and more inflation. To the increasingly anxious Canadians it began to seem obvious that their government, which had claimed to regulate the economy, had in fact completely lost control of it; despite its feeble efforts, mounting prices and mounting unemployment marched upward together. Was their thirty-year joyride in the sports car of affluence going to end in a resounding crash? They began to lose their faith in the regulated welfare state. They were losing their habit of acquiescence in its plans and obedience to its direction.

#### IV

Yet what was the individual to do? He could, of course, try to opt out of the system. He could withdraw from the maelstrom of constant growth and big money and retire to lead the simple life. But retreat, except for the young and strong, was a doubtful and hazardous course. The vast majority of Canadians preferred to

stick with the contemporary reality of unemployment and inflation, in the hope that they could either endure or survive it, or master it. Endurance and survival were all the individual could aspire to. Mastery, the power to dominate the uncertain situation, to force it to yield a bigger and better return for what one had to offer lay solely in the hands of the group. In fact, the rise of the organized group, association or minority was one of the most conspicuous features of the age of affluence, a feature which sharply distinguished it from the very different period which came to an end with the peace of 1945. The distresses of the depression and the sacrifices and deprivations of the war had seemed to unite the varied regions and social divisions within a country; but peace, constant economic growth and ascending prosperity had apparently broken these unities into fragments. International society became a vortex of conflicting social elements, of aggressive minorities, which could be either racial, cultural, sexual, religious or economic. Irish and Arab terrorists, French-Canadian nationalists, resorted to such crimes against society as

hijacking, kidnapping and murder. Scottish and Welsh nationalists, women's liberationists and, in North America, the native people's movement, also formed less fanatical, but determined, minorities.

Perhaps the most powerful and the most disturbing of all these organizations was the trade or professional union. The spread and growing influence of unionism was one of the most striking features of the age. In the past, unions in Canada were largely confined to trades and industry; but now public employees, primary and secondary school teachers, and even some student bodies and university staffs, had organized themselves for the harsh, abrasive business of collective bargaining. Inevitably, these associations and these methods reduced the independence and significance of the individual, particularly the professional individual. His character, his training, his demonstrated abilities, his assiduity and devotion - the very qualities which ensured his advancement in the past - had now lost much, if not all, of their importance. The rewards he won were now given, not so much in recognition of what he had done and was capable of doing, but simply in accordance with the level of remuneration which had been negotiated by the

bargaining committee for his grade or class. Even as a beneficiary of the collective bargaining ordeal, he inevitably lost some of his individual identity and independence.

As a victim of the process, he <sup>lost</sup> ~~was~~ infinitely more. Collective bargaining often ends in strikes, and sometimes in prolonged strikes; and its victims may turn out to be the entire population of a town, or a city, or a province, or even the nation as a whole. A strike can successfully withhold from thousands or even millions of people one or more of the goods and services which are essential to existence in the highly complex and integrated social organization of today. The strike can stop or embarrass transport, disrupt hospital and health services, paralyse communications, and bring the educational ~~in~~ process to a standstill. It can - and does - hold a whole society or a whole economy to ransom. And the reckless and implacable pressure it exerts upon its innocent prey brings it close to identification with those still more fearful crimes against society, the bombing, kidnapping, hijacking and murders by which

fanatical minorities attempt to terrorize a peace-loving people and break the will of its government.

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If this is the course we have been following with ever-increasing speed for the last thirty years, what are the chances that it will alter? Will the winds and the current take another direction? Will the storm blow itself out, or shall we consciously seek a refuge from its violence? It is all speculation, of course. But it may be worth while going back again to the beginning of those thirty years in order to inquire whether the forces which set us on our headlong career have lost any of their original power. It may be equally useful to ask ourselves whether our faith in constant growth and indiscriminate welfare is quite so unqualified as it was thirty years ago.

There is one great and obvious change in our circumstances which cannot fail to strike us immediately. In 1945, we stood on the threshold of what was undoubtedly the greatest population explosion in our history. For

fifteen years, the Canadian birth rate was one of the highest in the industrialized West; immigration reached totals in the 1950's and 1960's which had not been seen since the First World War; and between 1945 and 1971, the population of Canada came close to doubling itself. Schools, occupational colleges and universities were crowded; the labour force tripled its numbers; the demand for housing never ceased. Some of these pressures and scarcities may very well continue for another five or six years, but the strength of some of them has already begun to decline. The birth rate now hovers about replacement level; immigration, since the policy changes of 1967, has grown smaller and more select. The population will, of course, continue to grow, perhaps reaching about thirty million in 2000; but the probable gain of the next twenty-five years will likely be less, even absolutely, than that of the preceding quarter century, and relatively it will have a much less dynamic effect upon Canadian society. Canadian society is already losing something of its youthful bounce and it will grow progressively older in character as it draws closer to 2000.



The past thirty years brought not only a great advance in the nation's population, but also a huge increase in its primary material resources. In September, 1945, the first chain reaction began in the pilot reactor at Chalk River, and in February, 1947, oil was discovered at Leduc, a dozen miles south-east of Edmonton, Alberta. These striking successes could hardly have come at a more opportune moment. The nation, which might otherwise have faced a stringency, found itself generously equipped with the very fuels which were to power the vast post-war industrial development of the western world. It was a magnificent endowment, and if we had kept it to ourselves, would have provided energy for our factories and heat for our houses for generations to come. Alas, the Canadian government decided otherwise. Instead of conserving this wonderful inheritance for Canadians and their posterity, it permitted the Canadian subsidiaries of the great international oil companies, chiefly American, to exploit it intensively, with nothing but their own immediate profit in mind. Petroleum and natural gas, along with our other non-renewable resources, the base and precious metals which made up Canada's birthright, were squandered to satisfy the voracious demands of the

United States and to meet the staggering costs of Canada's affluent style of living. For years, while only a few voices were raised in protest, these precious fuels poured southward over the border in millions of barrels and trillions of cubic feet. It was not until the autumn of 1974, about a year after the OPEC countries had begun to raise their prices, that the National Energy Board began ominously to revise its estimates and to predict shortages or deficiencies in the near future.

The human and material resources which drove Canadians onwards so far and so fast in the past thirty years may be losing some of their powers of acceleration. But have growthmania and obsessive welfarism slackened their hold on the Canadian mind? Back in the 1960's, when the new religion was still sweeping everything before it, its preachers and converts used to make fun of the "depression mentality" which still governed the older generation. The great depression lasted only a single decade; but the prosperity which followed the Second World War has continued, almost unbroken, for thirty years, and the deep impression it has made on the Canadian mind may take a correspondingly long time to weaken. So far, the signs of any really radical change of thought are not

numerous or conspicuous. Mr. Trudeau and his apologists and interpreters talk impressively about establishing what they call "a new set of values." But it is perfectly evident from the context that this is not really "a new set of values" at all; it is simply the old set of pecuniary values. And its real meaning becomes blatantly clear when Mr. Trudeau's interpreters explain that it will introduce a "rational tripartite incomes policy for Canada" or, to use the favourite metaphor of the period, "peacefully divide the national income pie."

In the meantime, while this great new plan continues in its period of gestation, Mr. Trudeau has launched his anti-inflation programme. In essence, this is an attempt to slow down the galloping rate of growth and to reduce the extravagant demands and the angry quarrels which it has provoked. Provincial politicians have also been playing the Prime Minister's new tune, with their own particular variations; and, for the first time in many years, there has been a good deal of earnest

talk about the virtues of restraint and moderation. It may be that the new programme will realize Mr. Trudeau's hopes; but in the meantime resistance to its principles and disputes over its application seem to have been the chief results. Perhaps government exhortations and statute law will never arouse the Canadian people to a realization of their probable future. Perhaps some lurid and terrible sign of approaching change will alone awaken them. And what presage of disaster could possibly be more terrifying to Canadians than a threat to that prime symbol of Canada's age of affluence, the North American motor car? This may be the last complete century of the internal combustion engine as we know it; and once Canadians have realized that its demise is not quite as far away as the next ice age, they may make up their minds to face a slower and a quieter future.