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SOCIAL WATCH 2005: CANADA

Divided and Distracted

Regionalism as Obstacle to Reducing Poverty and Inequality

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About the author

Armine Yalnizyan is a Toronto-based economist, winner of the first Atkinson Foundation Award for Economic Justice, Steering Committee member of the Alternative Federal Budget, and Research Associate with the Canadian Centre for Policy Alternatives.

About Social Watch

Social Watch is a civil society research and monitoring initiative which involves over 400 hundred NGOs in over 50 nations. It was formed in the wake of the 1995 UN Social Summits in Copenhagen and Beijing, with the goal of monitoring how our governments were meeting their commitments to eradicate poverty and reduce inequality.

Each year country reports are brought together and synthesized in a global report produced by the Secretariat which is located at the Third World Institute in Montevideo, Uruguay. This annual report is the world's most recognised independent study on social development.

This year's theme of the global Social Watch report is "Poverty and Gender: Promises vs. Action". It was released on September, 14, 2005 in New York in conjunction with the UN Millennium Summit+5, which brought together over 170 heads of state to address the progress made thus far on achievement of the Millennium Development Goals (MDGs). The MDGs set out 8 objectives to be reached by 2015 that can reduce by half the number of people suffering from extreme poverty and improve gender equity.

Since 2000, Armine Yalnizyan has authored the Canadian report for Social Watch. The Canadian Social Watch initiative is funded by the International Development Research Centre, a public corporation of the Parliament of Canada. The Canadian Social Watch is now housed with the Canadian Centre for Policy Alternatives.

DIVIDED AND DISTRACTED

Regionalism as Obstacle to Reducing Poverty and Inequality

Canada's political agenda is increasingly marked by regional differences. The focus on decentralization and tightly controlled growth in government spending has resulted in more privatization of public goods, intensification of inequality, and heightened federal-provincial rancour. Genuine progress on poverty reduction or gender equality requires committed federal-provincial unity of purpose. The new dynamic unleashed by a minority federal government could lead to either greater inter-governmental cooperation or further balkanization.

For the past 15 years, Canada has set ambitious goals aimed at improving the lives of those most vulnerable, at home and around the world. In 1989, the House of Commons unanimously agreed to eliminate child poverty by 2000. In 1995, Canada signed on to platforms for action on the Beijing and Copenhagen commitments to reduce poverty and enhance women's equality. Five years ago, the federal government endorsed the Millennium Development Goals.

Little progress has been made. This has spurred social justice groups, including Social Watch, to launch campaigns urging more state action, such as Make Poverty History.

In Canada, social progress is shaped by the constitution. It sets out how revenues are raised for public purposes (a responsibility largely shared by the federal and provincial governments) and who is responsible for programs to meet such objectives (primarily the provinces). But the role of government spending and regulation has been scaled back over the last two decades, leaving unregulated economic growth and markets with greater influence in the shaping of social change.

Unlike during previous periods of sustained economic and labour market growth, income inequality has not declined.[1] Pay rates for lower income workers have stagnated while upper income earners have seen strong wage growth. Tax reforms have also widened after-tax income disparities. The rate of child poverty is higher than it was in 1989, when the target of eliminating it by 2000 was set.[2] Poverty rates have risen fastest among recent immigrants, the very group that Canada's future depends on.[3]

The growing gap between rich and poor is not just a story about incomes. Access to basic services — such as affordable housing, education, child care and health care — continues to become more uneven, a result of a combination of supply shortages and rapidly rising costs.

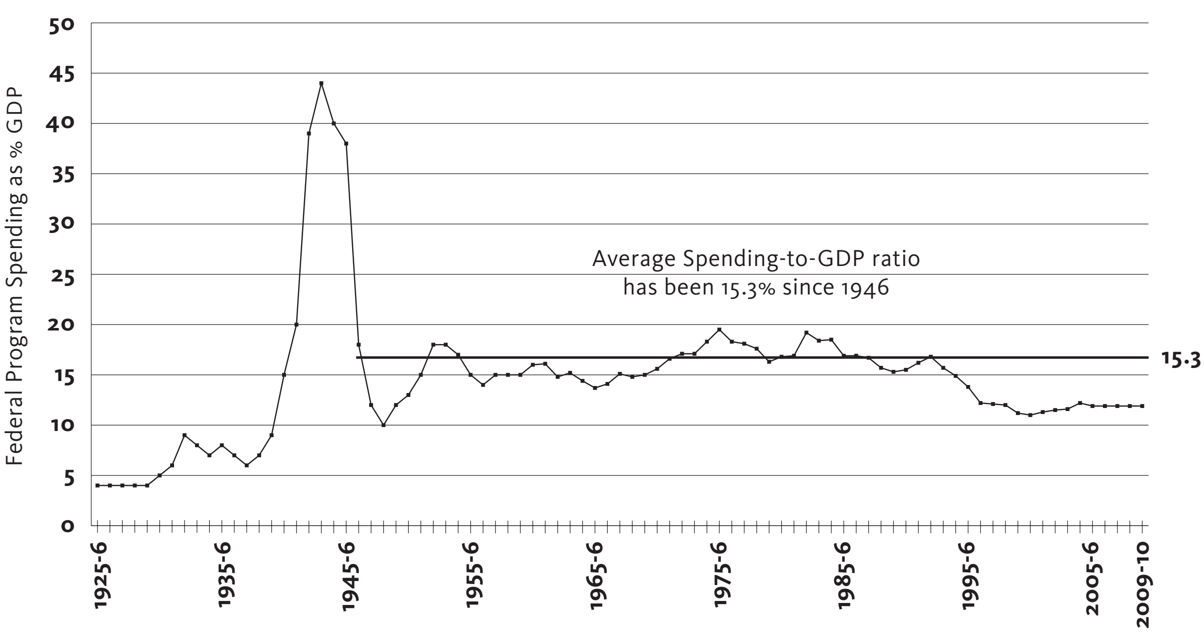
This paper examines why, despite unparalleled economic and fiscal capacity, Canada has failed to make serious progress in the fight against poverty and inequality. It shows how commitment to "small government" feeds regionalism and inequality, and how economic growth alone cannot reduce poverty and inequality or improve access to basic services.

1 "Small Government" Feeds Inequality

Federal spending as a share of the economy shrank dramatically after the mid 1990s, from 16% of GDP in 1993-94 to 11% in 2000-01. It has not risen above 12% since, well below historic averages in the post-World War II context.[4] If current budgetary policy prevails it will remain so for the foreseeable future, an unprecedented occurrence in federal fiscal history. (See Chart 1.)

In 1995, the federal government unleashed a plan to eliminate the budget deficit through massive cuts in federal spending.[5] Not all programs were cut in this period, notably income supports for the elderly and equalization payments to the provinces. The most radical changes were made to unemployment insurance, training, transportation and regional development, and federal transfers to the provinces for health care, housing, social assistance, home care, child care, welfare services in-

CHART ONE Federal Program Spending as a share of GDP is deliberately being held constant at a level completely incongruent with modern society



SOURCES To 1960-61 is from an unpublished Historical Series provided by the Department of Finance; 1961-62 to 2003-4 is from the Fiscal Reference Tables 2004, Table 2; estimates for 2004-5 to 2009-10 from Budget 2005 p.258.

cluding legal aid, and settlement services for immigrants.[6]

The cuts were particularly severe for those already most vulnerable. Given their place in the distribution of income, women were doubly jeopardized. For example:

- After four rounds of unemployment insurance "reform" in less than a decade, only 38% of unemployed workers receive benefits — down from over 75% in the early 1990s. Only three in 10 women who lose their jobs today are eligible for benefits, due to rules that leave workers with shorter or irregular hours, the bulk of whom are women, at a disadvantage.[7]
- There are 11 million households in Canada, of which 1.7 million households live on less than $20,000 a year. Two thirds of these low-income households rent, and the vast majority of these are precariously housed because they pay more than 30% of their income for shelter. Female-headed households dominate this category. There is no undisputed methodology for taking the count but, based on local statistics from key municipalities, it is estimated that 250,000 people will be homeless this year, of whom children make up a growing proportion.[8] These numbers continue to rise as housing costs increase.

A comparison of budgets and public accounts shows that the federal books were balanced years ahead of schedule. Between 1995 and 1997, structural deficits — which had dogged federal budgets since 1971 — were transformed into structural surpluses.[9]

The serious discrepancies between budget forecasts and public accounts in the mid 1990s suggest that the depth of the spending cuts was not fiscally merited, raising a troubling question: did the most vulnerable Canadian households suffer needlessly?

The opportunities afforded by these surpluses could have been used to redress the inequalities exacerbated during this difficult era. So how has the surplus been used?

Thus far a small number of programs, like Defence, have been fully restored to the levels at which they were before 1995. Federal transfers to the provinces for health care and child care have increased, though with few strings attached to the new cash to ensure how the money gets spent. Some aspects of federal spending have been greatly expanded, such as investment in research and development and the commercialization of results. Some federal programs, such as those concerning transportation, have been partially refunded with "cost-recovery" funding, in other words, user fees. Investments in infrastructure have been opened to new private sector financing initiatives.[10]

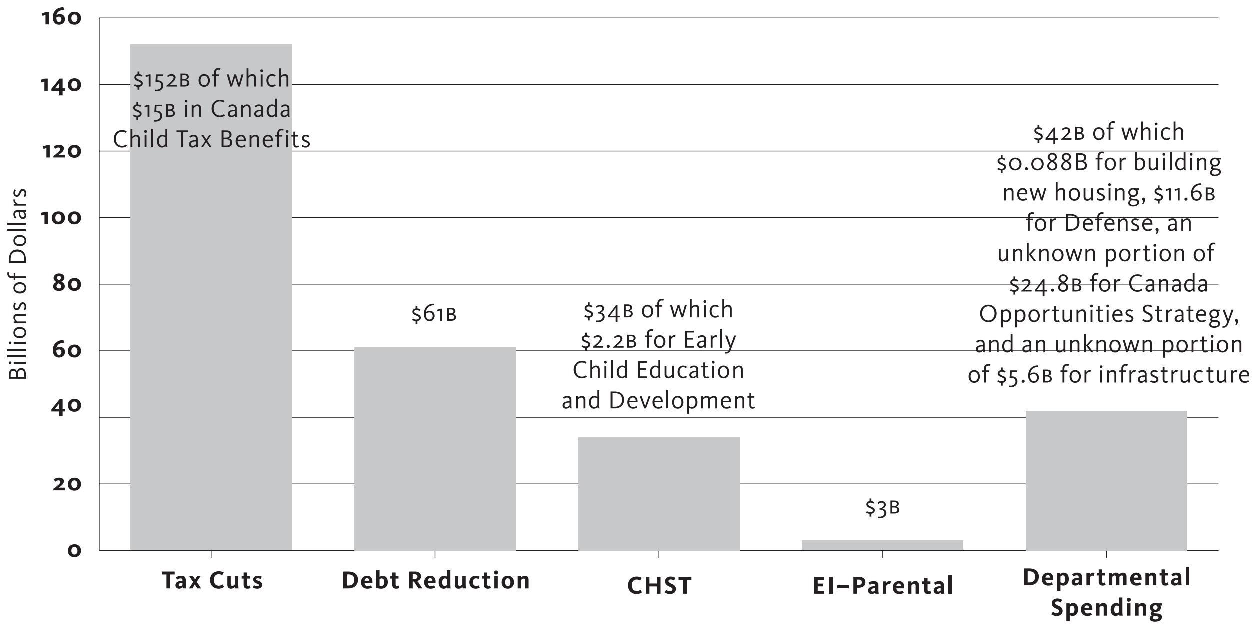
Cuts to programs for the most vulnerable populations still have not been reversed. Income supports for children have increased, but not for families in receipt of welfare, though the purchasing power of welfare fell dramatically over the last decade through cuts and/or inflation. The unemployed saw no improvement to benefits for the jobless. There is still no national housing program.

Despite billions in new spending there was fiscal room to do much more.

A near fetish with small government precluded such a use of the surplus. Instead the lion's share of the surplus has been devoted to tax cuts and debt reduction. (See Chart 2.)

In 1995, the federal budget introduced a new way of assessing which services and programs the federal government would and would not provide. Then it was called Program Review. Today it is called Expenditure Review. It is used to cull "old" approaches, re-allocate resources to new govern-

CHART TWO How They Spent the Surplus: New Federal Initiatives 1997-8 to 2003-4



SOURCES Tax Cuts–Budget 2003; CCTB–Tax Expenditures and Evaluations 2003; Debt Reduction–Fiscal Reference Tables 2004; CHST–Fiscal Reference Tables 2004; ECED–Economic Statement and Budget Update; EI, parental benefits–Statistics Canada; Departmental Spending–Fiscal Reference Tables 2004; Housing–unpublished documents.

ment priorities, and it helps the government toe the line on expenditure growth.

The most recent federal budget maintained the commitment to small government. Over the next five years, federal spending is not projected to grow faster than the rate of economic growth, thanks in part to the role of expenditure review and reallocation. It is not projected to grow beyond 12% of the economy.

By cutting supports for the least affluent and then redirecting surpluses to others, the past decade has reinforced and accelerated increases in inequality between rich and poor, among regions of the country, and between men and women.

2 Economic Growth Does Not Guarantee Better Access to the Basics

Since the early 1990s, the federal government has been singularly focused on economic growth. To achieve this end, the government has dramatically limited its own role and focused on "competitiveness" by aggressively reducing tax rates.

The Canadian economy has indeed grown, and done so rapidly, though it cannot be proven that this occurred due to tax cuts and scaling back government spending since the rate of economic growth picked up in virtually all industrialized regions of the world in the late 1990s.

Between 1997 and 2003, Canada had the fastest-growing economy among the advanced industrialized nations (G7). The United States has more recently taken that position.

Canada's Gross Domestic Product is now $1.3 trillion, a growth of 67% from 1994 to 2004 (55% in inflation-adjusted terms).[11] Canadians generate over half-a-trillion dollars more every year now than a decade ago, providing huge potential for improving access to basic services. But since part of the recipe for growth was to devolve and privatize public supports, it has become more difficult to set and meet key national priorities — including women's equality and the reduction of poverty.

Downloading and offloading public provisions has created structural surpluses at the federal level. At the same time provinces have been struggling with budget deficits, a result of a combination of less federal support and their own engagement with the "tax competitiveness" agenda. This environment has made it difficult to maintain, let alone improve, access to public provisions.

Every jurisdiction is now experiencing economic growth and, consequently, greater revenues. Still, the dominant revenue strategy for the provinces over the past two years has been to get a bigger piece of the federal surplus, and cut taxes if possible.

Even as new federal cash is made available, there is no consistent pressure to use these resources to reduce poverty or advance women's equality.

Provinces, regions and cities have starkly different fiscal capacities and political willingness to focus on policies such as housing, child care, settlement services for immigrants, access to legal aid, and so on.

Where all jurisdictions would agree is that it is politically advantageous to have the books balanced, show that the public debt is being paid down, or offer cut taxes.

A vastly larger economy has simply been no guarantee of widespread improvements to the basic social safety net over the last decade.

3 Tax Policy Is a More Costly and Less Effective Way to Achieve Social Goals

From 1997 to 2004 the federal government sank $152 billion into tax cuts, its biggest initiative in the surplus era. With one exception — the Canada Child Tax Benefit, accounting for less than 10% of this amount — those at the lowest end of the income spectrum saw little benefit from this policy thrust.

"Fiscalization" of social policy occurred as programs cut in the deficit era were replaced by tax credits and exemptions in the surplus era.

- Home care programs were underfunded and health services were delisted, resulting in less service and longer waits; but family "caregivers" and those with disabilities can now claim up to $10,000 in tax credits to offset their out-of-pocket costs for care, equipment, and pharmaceuticals.
- Cuts to post-secondary education and deregulation of tuition fees have resulted in doubling and tripling of costs, but there are more tuition tax and education credits available (worth $1.3 billion a year, up from $800 million in 1998).
- There is still no national child care program, but federal transfers have enabled some jurisdictions to provide tax rebates on deductible amounts paid for nannies and other receipted child care arrangements. Child care expense deductions in federal taxes have increased by almost $400 million.

None of these measures reached the poor, the 32% of tax-filers who have insufficient income to be taxable and consequently can receive no benefit from the changes, even if they do take care of the sick, go to school, or pay for child care.[12]

Another recent tax reform, described as particularly helpful for low- and middle-income Canadians, raises the threshold at which federal income taxes start to be applied. In 2000 the threshold was $7,131. By 2009 it will be $10,000.

Raising the taxable threshold is costly — over $7 billion in the next five years, which is more than enough to ensure affordable housing for all.

This $7 billion does not go to those people with very low incomes, though they are surprisingly numerous. There are 5.5 million people in the country with incomes of $10,000 or less (24% of all tax-filers). Most are women and most do not pay taxes, so they do not benefit from this reform. (See Table 1, following page.)

The $7 billion price tag of this reform arises from small reductions in taxes paid by each taxpayer, currently 15.5 million of them. In 2005 there is no tax reduction. In 2006 each tax payer pays $16 less in taxes, the cost of one large pizza. In 2007 they get to keep $32 more. In five years

TABLE ONE Who Benefits? The Distribution of Tax-filers

	Men	Women	Total	Per Cent Men	Per Cent Women	Per Cent Total
All Tax-filers	11,187,840	11,665,820	**22,853,660**	100%	100%	**100%**
Taxable	8,423,180	7,092,990	**15,516,170**	75%	61%	**68%**
Non-taxable	2,764,650	4,572,830	**7,337,480**	25%	39%	**32%**
All Tax-filers						
Under $10,000	2,056,030	3,467,500	**5,523,530**	18.4%	29.7%	**24.2%**
Less than $15,000	3,127,550	3,833,390	**6,960,940**	28.0%	32.9%	**30.5%**
Less than $20,000	4,059,500	4,411,350	**8,470,850**	36.3%	37.8%	**37.1%**
Less than $25,000	4,884,280	5,001,350	**9,885,630**	43.7%	42.9%	**43.3%**
Less than $30,000	5,688,050	5,706,390	**11,394,440**	50.8%	48.9%	**49.9%**
Over $100,000	548,130	144,480	**692,610**	4.9%	1.2%	**3.0%**

SOURCE Canada Customs and Revenue Agency, Income Statistics 2004 (based on 2002 returns)

the tax reduction will be worth $100 a head, or just over $8 a month.

These reductions will be enough to take about 1.7 million more people off the tax rolls entirely. By 2009 37.4% of tax-filers will pay no income tax.[13]

While some hail this as progress, it needs to be asked: at what point does the balance between tax-payers and non-taxpayers become politically unsustainable? When 40% of the population pays no income tax? 50%?

Raising the tax threshold is not a cost-effective way to benefit "the poor". But it may be an effective way to fuel demand for more spending constraints and tax relief by those still paying the bills, whose numbers are ever dwindling.

Reducing the tax take on incomes is not limited to raising taxable income thresholds at the bottom of the income spectrum. A similar tax break has been raising taxable "thresholds" annually since 2003, but benefits only the most advantaged members of society.

Currently people can save, up to certain limits, in plans that are sheltered from taxes until retirement. For the Registered Retirement Savings Plans (RRSPs), the limit to annual contribution in these plans is 18% of earnings or $16,500 in 2005. For those in employer-sponsored registered pension plans (RPPs), the ceiling is $18,000 in 2005.

Budget 2005 lifted the ceiling to $22,000 a year, by 2009 for RPPs and by 2010 for RRSPs. This measure only applies to those earning more than $100,000 in 2005 for the RPP change, and only those earning more than $91,666 in 2005.

Only 1% of all female tax-filers — about 145,000 women — are in an income category that could gain from the new savings limits. About 550,000 men, or about 5% of male tax-filers, are in the category that could benefit from these increases.

It must be noted that only a small fraction of the people in this high income class is able to set aside $22,000 until retirement. It is of some note that 43% of Canadians live on an annual income of $25,000 or less.

Those earning over $100,000 account for 3% of all tax-filers. The tax relief being offered to select members of this elite club is projected by the Finance Department to be worth $70 million in 2006. That's equivalent to the amount being offered to all 15.5 million tax-paying Canadians in 2006 by raising the tax-exempt threshold.

4 Commitments to Developing Nations Remain Inadequate

Canada gives proportionately less international assistance today than it did in the early 1990s, a time of deep economic recession. This is embarrassing for the only nation in the G7 — the seven wealthiest nations on the planet — that has enjoyed budget surpluses for the past eight years, and is projected to continue generating surpluses for the foreseeable future.

Funding for official development assistance (ODA) was cut from 0.45% of national income in the mid 1990s to 0.22% by 2001, a far cry from the 0.7% target set in 1969 by former Prime Minister Lester Pearson.

In 2003 the federal budget set out a plan to double ODA by 2010 by increasing funding 8% a year. Today, the budget for international assistance (just over $3 billion) represents 0.26% of the economy.

Officials estimate it would take between $28 billion and $41 billion over the next 10 years to meet the 0.7% target by 2015.[14] At current rates of growth it would take until 2027.

Despite mounting pressure, there is no commitment to a specific timetable to meet the goal. The government's position is that meeting the target has been made more difficult because the economy is growing so well, a rather feeble richman's response. Other nations in the G7 which do not have the luxury of budget surpluses have made the commitment to meet the target by 2015, notably France, Germany, Italy and the UK. So have non-G7 nations, such as Denmark, Luxembourg, the Netherlands, Norway, Sweden, Belgium, Finland, Ireland and Spain.

Amendments to Budget 2005 found another $500 million for ODA over the next two years. The federal New Democratic Party (NDP) offered support to the fragile Liberal minority government on the condition that this and other social goals be met. (See Section 5.) This new political reality may affect future policy and budgetary priorities.

In April 2005 the federal government released its International Policy Statement, which will tighten the focus of Canadian development aid to 25 countries suffering from extreme poverty, down from 177 missions in 113 countries. Aid to sub-Saharan Africa will be doubled by 2008-9. Figures from the Organization for Economic Cooperation and Development (OECD) show about half of Canadian aid was "tied" to Canadian products and services in 2003. The OECD average for tied aid is 6.8%.[15]

There have been modest improvements. Canada removed all tariffs and quotas on imports from 49 least developed countries (LDCs) in 2003, excluding dairy products, poultry and eggs. Canadian imports from LDCs grew four-fold from 1995 to 2004, almost doubling (from $538 million to $1.1 billion) between 2001 and 2003 alone.[16]

Quotas on textiles and clothing were removed on January 1 2005.

Canada is the first country that produces pharmaceuticals to amend its drug patent law, done in May 2004, in order to make it easier to export affordable medicines for AIDS and other major diseases, such as tuberculosis, malaria and sleeping sickness. Legislative amendments to a critical schedule of the Food and Drugs Act, necessary to make the new policy operational, finally passed in May 2005.

Canada also showed leadership in 1999 when it became the first nation to fully cancel bilateral debts owed by the 14 poorest countries, once they completed their obligations under the Heavily Indebted Poor Countries (HIPC) Initiative.[17] To date $156 million in debt with these nations has been fully cancelled, and $325 million in interest charges has been waived. It is expected another $379 million in outstanding debt with these nations will be cancelled over the next two years.[18] Canada has also committed to forgive $570 million in debt owed by Iraq, not based on HIPC conditionality, by 2008-9.

On the issue of multilateral debt, though Canada has been urged to again show leadership, it has been more of a follower than a leader. It has stood loyally by the G7 position, which now supports full cancellation of multilateral debt for the 18 countries that have completed the HIPC process and has pushed for equality of treatment for poor countries that are not within the HIPC group.

5 Missing in Action: National Unity of Purpose

For the first time in 25 years Canadians are governed by a minority government, and the possibility of progressive social policy has been again catapulted onto centre stage.

At the same moment, the very *raison-d'être* of the Canadian federation is challenged by political representation that is profoundly regionally divided. There exists no national party that can win seats in all parts of the country, where once there were two.

Canada has been wracked by regional static: Quebec separatism, Western alienation, Ontario's new what's-in-it-for-me attitude, Newfoundland's flag-lowering episode. Each provincial protest has yielded more federal cash for the jurisdiction in question.

After more than a decade of bitter federal-provincial disputes, the federal government increased transfers for health care and child care, but has been reluctant to specify the terms and conditions in return for new cash.

National programs have been jeopardized, first through funding cuts and then through an infusion of funds that have no clear or consistent performance standards or objectives. The difficulty of defining national interests that are supported by the provinces is increasing, and in no area is this more apparent than the lack of an effective national energy policy in the country which is now the largest source of oil and gas to the U.S.

The federal government is turning into a head-waiter, serving up its best response to the latest provincial demands. And what do the provinces want? Each province has different views on how to address social needs, or define social progress. If there is a unified national position, it emerges around the desire for balanced budgets and tax cuts.

Over the past decade all provinces have reduced tax rates and reigned in the growth of spending, like the federal government. Taken together, provincial and federal governments offered $250 billion in tax cuts between 1996 and 2004. In contrast, $108 billion went to new health expenditures, the single greatest priority for Canadian citizens.[19]

There is, however, some hope. A new, potentially temporary alliance of federal parties has pushed social policy on to centre stage for first time in 20 years through the process of trying to pass the budget of a fragile minority government through Parliament.

The political dynamic has shifted the balance of budgetary decisions towards more spending. While staying within its self-prescribed 12%-of-the-economy limit, the government's February 2005 budget yielded to pressures for action on a national child care policy and provided $5 billion over five years for these purposes to the provinces.

By May, budget amendments negotiated with the NDP in order to avoid defeat in the budget vote in the House of Commons added an additional $4.6 billion over two years for housing, infrastructure, education, the environment and expansion of international assistance. The "additional" money was re-allocated from the original budget by deferring some of the planned next round of tax cuts for large corporations. (Tax cuts for small and medium corporations remain intact, and large corporations will get their tax cuts later).

What impact will this new spending have on Canadians living in different parts of the country? Housing, child care, and tuition fees are controlled by the provinces, which see the balance between markets and public provisions in these domains quite differently. The only nationally consistent rhetoric around improving access to basic needs is to shorten waiting times for health care. Even this objective is being pursued through a range of public initiatives and public-private sector deals. Will the new money improve access for all?

Only time will tell. But without a coherent vision based on key human rights objectives, Canada may collapse into a loose collection of balanced-budget states. The devolution of responsibility for public provisions has made it difficult for Canada to set and meet key national priorities.

This matters in the most profound way, not just for marginalized populations but for every member of society, quite literally all of humanity. As a Canadian scholar recently put it:

> Foreign policy is not social work; it is the promotion and defence of our citizens and their interests overseas. If we are distracted and divided at home, we cannot project power and influence abroad. Canada matters to the world only to the degree that Canada remains united at home.[20]

Until we unite in our purpose, it will be difficult to gain ground on the big challenges of our time — the reduction of poverty and inequality, at home and around the world.

Notes

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2 Campaign 2000, *One Million Too Many: 2004 Report Card on Child Poverty in Canada*, Toronto: 2005.

3 Statistics Canada, *The Daily*, Ottawa: October 8, 2003 and April 25, 2005.

4 Department of Finance Canada, *Fiscal Reference Tables 2004*, Ottawa: October 2004.

5 Federal expenditures include a) income supports for the elderly and unemployed, b) transfers to the provinces, including supports for major social programs like health, post-secondary education and social assistance (such as welfare, children's aid, legal aid, home care, child care and housing), c) direct spending on programs such as defence, transportation, labour, regional economic adjustment, and aboriginal populations, and d) interest paid on the public debt.

6 Department of Finance Canada, *Budget in Brief*, Ottawa: February 1995, p.9; and *Getting Government Right: Program Review: Overview*, Budget 1995 Fact Sheet Number 6, Ottawa: February 1995.

7 Canadian Labour Congress, *Falling Unemployment Insurance Protection for Canada's Unemployed*, Ottawa: March 2003.

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9 Armine Yalnizyan, *Canada's Commitment to Equality: A Gender Analysis of the Last Ten Federal Budgets (1995–2004)*, Ottawa: Canadian Feminist Alliance for International Action (FAFIA), 2005.

10 Ibid.

11 Statistics Canada, GDP at market prices, expenditure based, Catalogue No. 13-001-XIB.

12 Data in this section are from Canada Customs and Revenue Agency, Income Statistics (Various years).

13 Budget 2005 announced the removal of 860,000 people from the tax rolls by 2009. Unpublished sources from Finance Canada reveal roughly the same number of people come off the rolls through the impact of indexation of tax brackets over the same period. About 1.7 million more people won't be paying income taxes in 2009 compared to today.

14 Daniel LeBlanc, Campbell Clark and Jan Wong, *Leaders Deaf to Live 8 Call*, The Globe and Mail, July 4, 2005, page A1. The $41 billion figure is most frequently cited but the figure could be as low as $28 billion if the government waited until the end of the period to start adding money to the budget.

15 Organization for Economic Cooperation and Development (OECD), *Statistical Annex of the 2004 Development Cooperation Report*, "Table 23, Tying Status of ODA by Individual DAC Members, 2003". Paris: 2004.

16 Caculated from Industry Canada's *Trade On Line* website (http://strategis.ic.gc.ca/sc_mrkti/tdst/engdoc/tr_homep.html) which uses the latest data from Statistics Canada. Methodology was confirmed by Industry Canada.

17 The HIPC Initiative was launched in 1996 and sets out conditions for external debt relief based on World Bank and IMF approval of plans for economic reform and poverty reduction.

18 Department of Finance Canada, *Helping the Poorest — An Update on Canada's Debt Relief Efforts*, Ottawa: January 2005 http://www.fin.gc.ca/toce/2005/cdre0105_e.html.

19 Armine Yalnizyan, *Can We Afford to Sustain Medicare?*, Ottawa: Canadian Federation of Nurses Unions, July 2004, p.8.

20 Michael Ignatieff, Carr Professor of Human Rights, Kennedy School of Government, Harvard University, in an address to senior management of the Canadian public service, June 1, 2005.