



Policy Research
Initiative

Projet de recherche
sur les politiques

PRI Update Spring 2005

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As is often the case, activities in the federal public service reach a peak in the autumn and winter months. Certainly, that was how we found this year, with four PRI-SSHRC roundtables between September and November, and, in mid-December, a major policy research conference on new approaches to social policy. In the same time frame, the PRI published an issue of *Horizons* (vol.7, no. 2, on poverty and exclusion) and five major reports.

A great deal of horizontal policy research activity continues. This spring, we will release three important publications from the Social Capital project, including a final report. A report on population aging and older workers will also be available in April. In May and June, we have planned seven publication releases from the Poverty and Exclusion project, including a summary report.

The North American Linkages team will release the final report from Moving Toward a Customs Union, implement the second research phase for International Regulatory Co-operation, and is organizing roundtables across Canada to discuss policy implications of the Emergence of Cross-Border Regions. The Sustainable Development project is also releasing a variety of publications in March and April, including a synthesis report on the use of economic instruments for water demand management.

This PRI Update outlines the status of the PRI's research activities and plans for spring and summer 2005. Information is posted on our web site <www.policyresearch.gc.ca> as it becomes available. For general inquiries, contact us by e-mail at questions@policyresearch.gc.ca or by telephone at 613 947.7761. For specific project contacts, see the text box at the end of this Update.

Population Aging and Life-Course Flexibility

This project is studying the economic, fiscal, labour market, and social consequences associated with the aging population. It is also exploring the potential economic and social gains of responding to the challenges of population aging by providing Canadians with more flexibility in choosing how they allocate their time throughout life, among school, work, family, and leisure. The first phase of the project culminated with the PRI's December 2004 conference on new approaches to social policy (see the accompanying box). Using a framework developed over the past year (see the August 2004 discussion paper, *A Life-Course Approach to Social Policy Analysis*), the project team is preparing a serialized project report. The first paper will focus on older workers and the labour market. Subsequent papers will look at work and family issues, adult learning, and an inclusive labour market. The project will also benefit from the recent formation of a policy research collaboration focused on population, work, and family (see below under PRI-SSHRC Roundtable Series).



Policy Research Conference: Exploring New Approaches to Social Policy

In December 2004, the PRI held a highly successful conference dealing with a number of significant social policy developments: the aging population, the role of the social economy, social capital as a policy tool, and new approaches to addressing poverty and exclusion.

The conference provided a forum to present and, to some extent, validate research findings. It also featured many stimulating presentations from international experts, allowing comparisons as to how social policies evolve in other industrialized countries.

A synthesis report from the conference is available on the PRI web site.



Next Steps

The project report will be divided as follows.

- **Population Aging and Older Workers (May 2005)**
This document will present the likely economic, fiscal, labour market, and distributional consequences associated with the retirement of baby boomers and the aging of the population. It will also assess the potential of various approaches to help respond to these consequences, including providing workers with a real choice for working later in life. Such choices could be facilitated by reducing barriers that may prevent individuals from working later in life, or by rebalancing the financial incentives structure.
- **Family-Friendly Work – Child-Friendly Economy (Autumn 2005)**
Many families find themselves under serious time pressure as a result of balancing work and family responsibilities. In addition to guiding the lives of children, these

responsibilities entail, in many instances, responding to care needs of elderly and disabled family members. Which families are vulnerable and what are the risk and success factors? Is declining fertility in part a result of these pressures? Is more flexibility in how families and individuals allocate their time among education, work, caregiving, and leisure an element of response to these issues? In addition to this document, a forthcoming issue of *Horizons* will focus on the important issue of family time pressure.

- **A Labour Market for All (Winter 2005-06)**
For the past three decades, the Canadian labour market has benefited from a surplus labour supply. Within 10 years, we may enter a similarly long period where the limits of the labour supply constrain economic growth. How can public policy make best use of this changing context to improve social policy outcomes, such as social cohesion and inclusion, poverty reduction, economic security, and social integration

of minorities? In addition, this may also increase the potential of life-long learning activities to increase productivity and time spent at work, as well as possibly reducing income inequality.

PRI-SSHRC Roundtable Series

The PRI has proposed a new program of PRI-SSHRC roundtables to a group of academic clusters funded by the Social Sciences and Humanities Research Council. The program will focus on issues related to population, work, and family issues in the context of population aging. A basic premise being examined is that more flexibility for individuals and families in deciding how they allocate their time over the course of their lives could lead to improved quality of work, family, and leisure, while also being compatible with improved economic outcomes. The first roundtable, likely in April or May 2005, will focus on older workers. Subsequent roundtables could focus on further development of a life-course analytical framework for use in policy analysis, on families, life-long learning, and inclusive labour markets. A symposium examining new policy-related research findings in these areas will be held in early winter 2005.

Social Capital as a Public Policy Tool

Social capital is essentially about the ways in which one's social relationships provide access to needed information, resources, and supports. The PRI project on social capital was launched in 2003 to explore the potential role and contribution of social capital for public policy. The project has followed three broad streams: conceptualization, measurement and, more recently, policy applications.

The first phase of the project resulted in the development of an operational definition and conceptual framework for the analysis and measurement of social capital.

This definition and framework focuses on social networks as the central element of social capital. The second phase explored key policy and program areas, particularly in social policy, where the application of social capital may play an important role. We are now in the third and final phase of the project. This phase will incorporate what we have learned into a set of conclusions and recommendations regarding the strategic use of social capital in research and policy making within the federal government.

To Date

Following a meeting of assistant deputy ministers in April 2004, a series of thematic policy studies were selected to illustrate how a social capital approach could be brought to bear on several strategic policy themes. Throughout the summer and fall, the PRI and partners from seven departments oversaw the preparation of these studies by Canadian experts. The studies link social capital to a wide range of issue areas including:

- poverty reduction,
- community development,
- youth civic engagement,
- community crime prevention,
- healthy aging,
- the settlement of new immigrants to Canada,



- educational attainment in Aboriginal communities, and
- Aboriginal community policing.

Preliminary findings were presented and discussed by authors and departmental partners at a roundtable in November 2004, and highlighted at the PRI Social Policy Conference in December 2004. These studies are now being finalized and prepared for publication as a book.

A new publication was released by the PRI Social Capital Project in the fall 2004. This synthesis report, *Expert Workshop on the Measurement of Social Capital for Public Policy*, provides a useful overview of different empirical strategies and measurement tools inspired by the field of network analysis for the measurement of social capital at the individual and collective levels. This report adds to a list of previous publications released by the Social Capital Project since its inception in 2003, including a foundation report on the conceptualization, measurement, and policy applications of social capital (June 2003); a discussion paper outlining a proposed conceptual framework for a network-based approach to social capital (October 2003); an issue of *Horizons* featuring several examples of network-based social capital research in Canada and internationally (November 2003); and finally, a synthesis report from the November 2003 PRI-OECD conference on the role of social capital in immigrant integration and the management of diversity (March 2004).

Next Steps

A number of publications presenting the results and conclusions from the social capital project are planned for spring 2005. These include:

- a synthesis report presenting the project's general conclusions and recommendations

on the use of the social capital concept for public policy purposes;

- a reference guide, *Measurement of Social Capital for Public Policy Purposes*, offering a comprehensive review and assessment of strategies and approaches for the effective measurement of social capital, and best practices in this area; and
- a collection of thematic policy studies in book form, sponsored by federal departments, exploring the relevance and application of social capital in specific policy and program areas.

Federal assistant deputy ministers with responsibility for social policy will be invited in April to comment on the final reports and conclusions of the social capital project.

New Approaches for Addressing Poverty and Exclusion

Nationally and internationally, there is growing recognition that poverty involves more than just income deprivation. It can also extend to (or result from) exclusion from various resources or from participation in different aspects of society. Most observers also acknowledge that today's social realities differ significantly from the time when most of Canada's current social policies were put in place.



This PRI project explores possible future directions in policies addressing poverty and exclusion in light of these changes. Since establishing a diagnostic and analytic framework in

November 2003, the project has examined a number of policy approaches to evaluate their relevance.

Assessments of the merits of asset-based approaches and the potential role

of improved financial literacy figured prominently in this initial work. Activities in the fall of 2004 focused on deepening the PRI's understanding of the merits and limitations of these approaches, as well as broadening the study to consider other innovative ways of addressing issues of poverty and exclusion.

To Date

The project organized three PRI-SSHRC roundtables last fall. September's roundtable investigated the policy research needed to inform sound public policy development to support the social economy. In October, experts and partners came together to examine the role played by housing stress and homelessness in the onset, depth, and persistence of poverty and exclusion. November's roundtable focused on working poverty, precarious employment, and the relationship between these two phenomena. Findings of these roundtables are being incorporated into a series of thematic papers scheduled for release in spring 2005.

Two other key publications were released in fall 2004. A discussion paper on normative approaches to poverty and exclusion, authored by Pearl Eliadis, argues for the proactive incorporation of legal dimensions into social policy development. Poverty and exclusion was the theme of the December 2004 issue of *Horizons* (vol. 7, no. 2). Among the topics covered were



trends in income inequality, vulnerability to persistent low income, experiences of elderly immigrants, and working poverty in Canada.

Next Steps

In assessing various new or underutilized policy approaches to poverty and exclusion, the project is producing several thematic papers and reports over the coming months. These include:

- an overview of current research on the effects of neighbourhood characteristics on long-term individual and household outcomes regarding poverty and exclusion;
- a discussion paper on the range of policy options available for combatting social exclusion among groups identified at greatest risk of poverty and exclusion;
- synthesis reports coming out of each of last fall's three PRI-SSHRC roundtables (social economy, housing and homelessness, and working poverty);
- an issue paper on making work pay initiatives, identifying the scope of the issue and implications for public policy;
- a report assessing the potential for asset-based social policies to address issues of poverty and exclusion;
- a forthcoming issue of *Horizons* on concepts, research results, and proposals intended to inform the federal government's interest in the social economy; and
- a summary report that synthesizes the various findings from the PRI's research activities on New Approaches for Addressing Poverty and Exclusion.

Finally, the PRI, in partnership with Social and Enterprise Development Innovations (SEDI) and the Financial Consumer Agency of Canada (FCAC), is organizing a symposium on financial

capability to be held June 9-10, 2005, in Ottawa. Building on the July 2004 discussion paper prepared by SEDI for the PRI, this event will engage senior policy officials, academics, and relevant stakeholders in an exploration of the potential benefits of increased financial capability among Canadians, and will examine options for building that capability.

North American Linkages



Under the umbrella heading of North American Linkages (NAL), the PRI has implemented three research initiatives to better define and understand challenges and opportunities associated with

evolving North American economic integration: *Moving Toward a Customs Union*, *International Regulatory Co-operation*, and *the Emergence of Cross-Border Regions*. Initial research results from the projects were featured in the June 2004 issue of *Horizons* (vol. 7, no. 1).

Moving Toward a Customs Union examines the issues related to, and the implications of:

- the harmonization of external tariffs between Canada and the United States; and
- the elimination of NAFTA rules of origin.

To Date

Research papers have been published regarding the impact of existing rules of origin, the potential effects of a Canada-US customs union on economic activity and employment, and the policy implications of the creation of a common

external tariff and the elimination of rules of origin. Findings from these papers have been shared at meetings of the NAL interdepartmental working group, and at several conferences and roundtable



venues. The discussion paper *Policy Implications of a Canada-US Customs Union* is available on the PRI web site.

Next Steps

- A research paper examining the behaviour of Canadian and US exporters with regards to NAFTA rules of origin will be published, along with a number of other PRI contributions, in International Trade Canada's forthcoming *NAFTA@10*.
- A meeting of assistant deputy ministers from departments participating in the NAL project will be convened in April or May to discuss and comment on a draft final report from the project.

The objective of the **International Regulatory Co-operation** project is to assess the potential economic benefits of regulatory co-operation, identify areas where regulations constitute a barrier to trade and growth, and search for ways to advance co-operation to reduce such barriers, primarily in a North American context.

To Date

The PRI Interim Report *Canada-US Regulatory Cooperation: Charting the Path Forward* examines potential gains from Canada-US regulatory co-operation. It was presented and discussed



with various experts at a PRI-SSHRC roundtable symposium in October 2004. The Interim Report and a detailed report from the symposium are available on the PRI web site.

Next Steps

Following the release of the report of the External Advisory Committee on Smart Regulation, and consequent initiatives by the Government of Canada to follow through on recommendations from the Committee, the PRI is undertaking additional research to examine:

- priority sectors and mechanisms to advance regulatory co-operation between Canada and the United States; and
- implementation, methodology, and data issues regarding the use of regulatory analysis tools.

These research initiatives will inform the process leading to the new Regulatory Development and Implementation System (RDIS), and will help identify priority areas for Canada-US regulatory co-operation.

The objective of the **Emergence of Cross-Border Regions** project is to substantiate the existence, scope, and nature of Canada-US cross-border regions, and examine policy implications of these regions for the Government of Canada. The research has been articulated around three axes to provide a disaggregated perspective of North American integration: economic, socio-cultural, and institutional.

To Date

The PRI and its partners continue to develop several large data banks covering Canadian and US regions. Such a large and comprehensive data set will be invaluable to researchers looking at regional economic issues. Several research papers have been completed on the regional patterns of values, the development of cross-border regional institutions, and the economic performance of regions since NAFTA. These papers will be made available on the PRI web site.

Next Steps

- The PRI, in co-operation with the Atlantic Canada Opportunity Agency, Canada Economic Development for Quebec Regions, and Western Economic Diversification Canada, is organizing a survey of private and public regional actors, and will hold a series of regional roundtables during the first half of 2005. The survey and the regional roundtables will provide direct information on the emergence of cross-border regions, and on the roles and expectations of regional agents in their relations with the United States.
- An issue of *Horizons* discussing cross-border regions is planned for late 2005. The publication will feature articles on various issues relevant to the topic, and will report on the main findings of the regional roundtables. The focus will be on the policy implications of cross-border regions for the federal government.

Sustainable Development: A Fresh Look at Freshwater

The PRI's Sustainable Development project uses freshwater as a vehicle to explore a variety of concerns. Freshwater issues reflect sustainable development issues in general, as exemplified by the federally and internationally adopted par-



adigm of integrated water resource management, which promotes the management of watersheds to meet environmental, social, and economic goals simultaneously.

In Canada, freshwater is abundant,

but unevenly distributed, leaving some regions with a looming water supply crisis. At the same time, water quality concerns are increasingly prominent on the public agenda. Meeting the challenges of sustainable water use, be it for agriculture, hydro-electric power generation, household uses, recreation or ecosystem services, requires effective co-operation among all levels of government, industry, and civil society.

The PRI freshwater project has two main themes:

- the use of economic instruments for freshwater management; and
- the federal role in freshwater management.

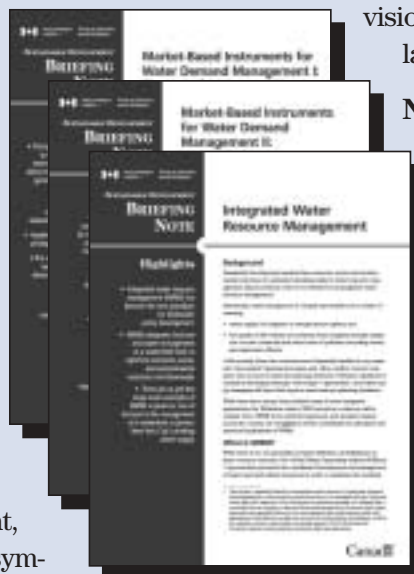
A project brochure, updated in January 2005, presents both themes in more detail.

To Date

The Sustainable Development project has nearly completed its work on the use of economic instruments for water demand management, launched with an experts sym-

posium in June 2004. Findings related to this theme have been published in a synthesis report that draws on the main literature as well as discussions from the symposium. Several SD briefing notes have also been published on the use of economic instruments, and the project is guest-editing a special issue of the *Canadian Water Resources Journal*, in spring 2005, on the use of economic instruments for water demand management.

The project has also published a series of briefing notes on the federal role theme, on such diverse issues as the economics of bulk water exports overseas, the evolution of federal thinking on freshwater as reflected in three generations of federal sustainable development strategies, and integrated landscape management modelling. The project has contributed to the development of a proposal to enhance co-ordination of freshwater issues at the United Nations, and, with Environment Canada, held a workshop to develop a vision for a national capacity for integrated landscape management modelling.



Next Steps

Under the economic instruments theme, the project is now developing two studies: one, in co-operation with Agriculture and Agri-Food Canada and Environment Canada, on the potential of water quality (pollution permit) trading, and the other, in co-operation with Infrastructure Canada, on the role of public-private partnerships in financing water infrastructure.

Pursuing the federal role theme, the Sustainable Development team, along with Statistics Canada and Natural Resources Canada, is conducting a pilot project to develop an atlas of Canadian freshwater issues. It is also examining, together with Foreign Affairs Canada, Environment Canada, and the Canadian International Development Agency, options for further work in the area of international water issues.

Policy Research Data Group/Data Gaps Initiative

In October 2004, the PRI (as chair of the Policy Research Data Group) and Statistics Canada provided the Treasury Board Secretariat with a report on the Data Gaps II initiative that included plans for increasing flexibility for addressing emerging data needs.

In keeping with these plans, the Policy Research Data Group (PRDG) will carry out a review of currently funded data projects at

its April 21 meeting. In preparation for this meeting, departments and Statistics Canada are preparing detailed reports on projects for which they have the lead. At the meeting, the PRDG will also consider proposals for new data development projects.

In May, the PRDG will hold, as it did last year, an interdepartmental session where federal government departments will be invited to share their research work plans for the coming year.

The PRDG plans to strengthen its role in promoting efficiency and effectiveness in data gap identification and data development in the federal government. In this regard, a review will be conducted in 2005 of the processes by which federal government data needs are identified, and related projects are prioritized and funded.

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