

NEW MODELS FOR THRIVING:

**HOW  
SOCIAL  
INNOVATION  
SUPPORTS  
INCLUSIVE  
SOCIETIES**

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## ABOUT CHANGE MAKERS

Change Makers convenes CIFAR fellows and leaders across government, business, education, civil society and the creative sector, through both in-person engagements and virtual experiences, to share new insights into addressing complex issues at a systems level. By creating meaningful opportunities for productive, multi-directional learning and networking, the Change Makers series aims to catalyze new ways of thinking and acting that can drive change in communities that matter most.

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On May 5th, 2015 in partnership with the J.W. McConnell Family Foundation, CIFAR held a Change Makers dialogue to explore the challenges of inequality in our society today, and the opportunities social innovation has to drive social inclusion. This symposium brought together Research Fellows and leaders from business, government and community organizations who exchanged insights and understanding to uncover innovations that will help people thrive in our changing world.

Moderated by Antonia Maioni, CIFAR Research Council member and Professor, the event included presentations from: Peter Hall, Co-Director and Senior Fellow of CIFAR's Successful Societies program and Professor, Harvard University; Jane Jenson, Senior Fellow in CIFAR's Successful Societies program and Professor at the Université de Montréal; and Michel Venne, Director General and Founder of the Institut du Nouveau Monde. This brief provides an overview of the key messages from those presentations and the group discussions that followed.

## PETER HALL

### Social Relations and Patterns of Inequality

Attention to relative income levels (e.g. the income of the top earners in Canada) overlooks the more important impact of absolute income. Hall noted that median incomes in Canada have not risen dramatically in recent years and while poverty rates in Canada are falling, they remain very high for particular populations (e.g. indigenous communities). Further, this stagnation of median incomes is related to a low rise in levels of productivity and a growing gap between productivity and rates of growth of wages. At the same time as incomes have become more unequal, an increasing number of basic goods once provided as public goods are now commodities.

Solutions to inequality don't lie entirely in redistribution by the government. There should be attention paid to 'predistribution' within society. Predistribution is how the institutions of the Canadian economy distribute market incomes before taxes and transfers. This includes government regulations on wages and pensions, and the actions of firms towards stakeholders (e.g. strength of trade unions). Finally, public provision matters. There should also be a clear understanding of the extent to which governments are willing to provide public goods at a low cost (e.g. sports facilities, public transport, libraries).

To expand our conception of inequality is to move to a capabilities approach to well-being. All people face a common set of life challenges, and to these life challenges every person brings a certain set of capabilities. Well-being, Hall suggests, is a balance between life challenges and capabilities. Capabilities

come in part from experiences in early childhood, but are also conditioned by a person's position in a broader set of social and economic relations.

*“Ordinary people no longer secure the fruits of their labour in the way they would have in previous decades in Canada and in the United States” –Peter Hall*

Calling upon certain economic resources can bolster capabilities (e.g. income, security of employment). Additionally, every person occupies a position within social structures that provides social resources (e.g. social networks) and specifies a person's social status. Beyond the distribution of economic resources, social resources matter. Like economic resources, social resources are distributed unequally.

People working to promote social justice and inclusion should care about the distribution of social resources and the access people have to social networks. Civic organizations should seek to build social networks, as altering status hierarchies may be as important as providing more material resources. In terms of public policies, Hall suggests that governments can fixate on the distribution of material resources but this can inadvertently enhance or erode the distribution of social resources. For example, zoning laws can promote gentrification to enhance economic activity but can have unintended negative social consequences by removing social activity in the neighbourhood. Public policy development needs to be thought of as a process of social resource creation.

## JANE JENSON

### Are there innovations for social inclusion?

Political discourses have shifted in recent years with greater articulation of policies and platforms that target poverty. Jenson stressed that with this increased attention, anti-poverty action strategies do not automatically equal to the promotion of equality. If the state or civil society works to end poverty, this does not mean these actors are combating other forms of inequality. These include inequalities in income distribution, social and political power, participation, and opportunity. Jenson also observed that greater social inclusion requires greater participation. With this, state policies must seek to promote other dynamics of participation, such as through employment and in civil society.

There are various arguments that emphasize different advantages of greater inclusion and equality. For example, some favour practicality as social cohesion is seen to promote greater social stability, while others favour the implicit ethical 'fairness' of inclusion. Others stress the economic benefits of social inclusion as more egalitarian societies are seen to produce better innovations in health and the economy. Another argument that supports this push sees social inclusion as a means to an end, such as increased economic growth.

Social innovations that drive social inclusion successfully rely on collaborations across the system. Social innovations include new ideas, products, services, as well as new institutions or relationships that are created to address pressing social challenges. Innovations are seen to be implicit in 'scaling up,' meaning starting with a small project and taking these changes and advances to another level or scale that will reach more broadly.

According to Jenson, recent studies of European cities have demonstrated that mixed systems, meaning collaboration between the public sector, private sector, and civil society, have the greatest benefits for producing innovations to promote social inclusion. When sectors collaborate at the level of funding and at the level of service delivery, there have been real, demonstrated impacts.

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*“Social innovation means developing new ideas, services, and models to better address social issues.” – Jane Jenson*

Policies to promote social inclusion should consider a three-legged approach:

- 1) Redistribution of incomes
- 2) New rights, and
- 3) New services

For example while the new Childcare Benefit, introduced in Canada in 2013, will have important benefits for families, it does not affect the distribution of resources and power between families, nor does it provide greater access to affordable, quality childcare services. Additionally, it does not provide new rights to families and parents, such as paternity leave. For a policy like this to be considered a social innovation that contributes to social inclusion and reduced inequalities, it would have to be accompanied by services and rights. These rights and services would also be considered social innovations.

## MICHEL VENNE

### Inequalities and Democracy

Equality is a fundamental principle of a democratic society. Today, the ideal of equality is at risk because democratic participation is on the decline. Venne suggests that the 2012 political crisis in Quebec, that included the student, environmental and civic demonstrations, and the pots and pans marches, were demonstrative of people's reactions against rising levels of inequality within their society. The results of the subsequent 2012 elections further demonstrated the public's frustrations

Democratic participation fuels social inclusion. In recent years, the Institut du Nouveau Monde embarked on a consultative process to explore the state of democracy in Quebec. This study, entitled "We Are Democracy," observed that participatory practices do exist, but public consultations, environmental impact assessments for major projects, and municipal consultations are processes in which participation itself is ranked as a low priority. Instead, priority is placed on creating partnerships and facilitating the delegation of power to citizens between elections.

Citizen education and electoral reform could be key areas to promote democratic participation. The "We Are Democracy" report proposed seven key areas that could promote greater participation, including citizen education and electoral reform. Both of these measures would help to ensure that individuals believe that their participation will have actual impact. Venne argues this may be most important when the voter turnout of young people is considered as this has been declining for decades. However, Venne argues that this decline in participation is not equally distributed within Canadian society, but instead is distributed in correlation with income inequality. For example, the gap in voter participation between a person with a university degree and a person who has a high

school education only is both significant and increasing.

Participation levels are impacted by material and symbolic resources and capabilities. While certain theories attempt to describe decreasing participation, the most convincing, according to Venne look not only at the impact of material resources, but also on symbolic resources (e.g. social status) and capabilities. For Venne, trust is one such factor within society that is significantly impacted by rising inequality. The erosion of trust between elected officials and the public, or between other increasing disparate social groups, turns people away from a social economy in which people have greater interaction with each other.

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***"Citizens need to be given a means to participate, in democratic life, in collective action, in volunteer work" – Michel Venne***

The Institut du Nouveau Monde's consultation process resulted in the identification of six levers that have the potential to reduce inequalities. They include:

- 1) Progressive taxation
- 2) Corporate taxation, based on corporate social and environmental responsibilities
- 3) Social transfers to guarantee every person is able to cover his or her basic needs according to the Market Base Measure and to provide new support until everyone emerge from poverty.
- 4) Public service provision
- 5) Labour market regulation, addressing wage gaps and power gaps
- 6) Leverage solidarity

## INNOVATION IN ACTION:

- Consider median incomes when trying to understand dynamics of inequality in society
- Predistribution matters. How resources are distributed in society before taxes and transfers impacts dynamics of inequality.
- People working to promote social justice and inclusion should care about the distribution to social resources and the access people have to social networks.
- Mixed systems, meaning collaboration between the public sector, private sector, and civil society, have the greatest benefits for producing innovations to promote social inclusion.
- Redistributive policies that contribute to social inclusion and reduced inequalities need to be accompanied by services and rights to be considered social innovations.
- Promoting greater inclusion means promoting greater participation.
- Decline in participation is not equally distributed within Canadian society, but instead is distributed in correlation with income inequality.
- To understand participation and inclusion, assess the impact of material resources on participation levels, but also the role of symbolic resources and capabilities.