WELFARE REFORM IN ALBERTA AND BRITISH COLUMBIA: A COMPARATIVE CASE STUDY

by

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Abstract

This thesis is a comparative case study of welfare reform in Alberta and British Columbia in the 1990s. It explores the predominant pressures on the social assistance systems emanating from the provincial, national and international arenas. It further identifies and compares the policy response of each province to these pressures and the consequences of the reforms for the respective governments and social assistance communities. Lastly, it attempts to account for the major similarities and differences between the two reformed welfare policies.

This thesis argues that while Alberta’s and British Columbia’s welfare reforms share a number of notable similarities, they reflect fundamentally different models of welfare provision: Alberta’s reforms follow a market-enforcement model while British Columbia’s approximate a market-performance model. The similarities between the two policies are best accounted for as reactions to parallel pressures on the two welfare programs, specifically, rising welfare caseloads and program costs as well as the changing debate around the merits of government social assistance programs. Conversely, the differences between the two policies reflect the salience of distinctive pressures on each welfare system. In Alberta reform was driven by the influence of Alberta Family and Social Services Minister Mike Cardinal and the example of American welfare reforms while in BC the reforms were initiated on account of federal policy transformations and public perceptions of fraud.

Finally, this thesis suggests that the specific models of welfare provision chosen in each case reflect the influence of each provinces’ unique political context. The political ideology of the governing party in both provinces was a significant factor in determining the orientation of the reformed welfare policy. In Alberta the adoption of a market-enforcement model was further facilitated by the province’s longstanding political culture while in British Columbia the influence of interest groups contributed to the creation of a social assistance policy closely resembling a market-performance model.
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Chapter I  Introduction

A. The Welfare State and Social Assistance

The term 'welfare state' refers to a conglomerate of public policies which together act as the primary mechanism through which governments counteract economic and social inequalities in modern society. These policies embody a recognition of a state's capacity and perceived obligation to protect the well-being of its citizens against the anarchic nature of the market and the social costs of capitalist economic organisation.

While the specific welfare state created in every country is unique, two ideas are central to the establishment of the generic welfare state: Keynesian economics and the conception of social insurance. Keynesian economics suggest that governments can actively intervene in the economy, stabilise business cycles through demand-side manipulation and ensure full employment. Social insurance presupposes that a basic standard of living can be assured to the population by the state through the collection and redistribution of society's resources. On one hand, the establishment of a welfare state implies a trade off between economic inefficiencies created by government intervention and the development of a stable, healthy and productive society. On the other hand, it also reflects a belief that government can exist in a functional relationship with the market to create a mixed economy through which economic and social prosperity can be simultaneously attained.¹

Throughout the western industrialised world, a variety of welfare states have emerged, reflecting the diversity of societies in which they developed. Scholars have identified a number of factors contributing to cross-national variation in welfare state policies including different patterns of economic development, political and cultural traditions and institutional organisation.² These differences can be conceptualised at the macro level as reflecting families of nations or welfare regime-types. For example, Esping-Andersen argues that by examining the degree to which welfare states confer de-commodified rights and how they stratify society, welfare states can be seen to cluster

around three distinct regime-types: liberal, corporatist and social democratic.\textsuperscript{3} Castles and Mitchell suggest that the redistributional impact of benefits and tax instruments of various welfare states reveal four worlds of welfare: liberal, conservative, non-right hegemony and radical.\textsuperscript{4}

These scholars characterise Canada as having produced a primarily liberal welfare state. To this end, Canada supplements the welfare attained by workers in the market economy with minimalist state benefits. Social entitlements are generally dependent upon consideration of an individual’s work ethic and established need; the majority of benefits are selectively provided, based on means-testing and strict qualification procedures. Canada also provides some universal benefits, symbolically acknowledging the equality of citizens regardless of social context. However, as Castles and Mitchell point out, Canada also reflects elements of a radical welfare regime, specifically using the tax system rather than high benefits as a way to redistribute wealth.

The major policy areas that constitute Canada’s welfare state are health care, education, housing, labour market and income security. The income security provisions can be further broken down into four types: demogrants, social insurance, social assistance and income supplementation.\textsuperscript{5} The focus of this thesis is on recent transformations in the social assistance, or welfare, component of Canada’s income security system. “Although it is only one component of the larger welfare state, last-resort social assistance plays a particularly crucial role in determining the character of a welfare state through providing, in the final instance, for those who fail in the market or do not receive adequate support within the family.”\textsuperscript{6} Currently, over two and half million Canadians rely on the various provincial welfare programs.

Welfare programs can be intended to serve a number of purposes including countering poverty, preserving particular forms of social organisation or facilitating the transition from unemployment into the labour force. Nevertheless, the defining characteristic of all social assistance programs is the provision of cash and in-kind benefits to individuals and families with inadequate income to meet their basic needs. Policy components of welfare programs include eligibility requirements, asset exemptions, benefit

\textsuperscript{5} Banting. \textit{The Welfare State and Canadian Federalism}. 7.
levels, earning exemptions, employment and training programs, transition supports, as well as verification and control measures. Eligibility requirements determine who can apply and receive social assistance based on a ‘needs test’ and a variety of characteristics such as age, citizenship and willingness to follow program regulations. Asset exemptions refer to amount of liquid and fixed assets a recipient can retain and still qualify for social assistance. Benefit levels are the amount of monthly financial support recipients will receive once accepted into the program. For working recipients, earnings exemptions stipulate the amount of money that they can earn in the labour market without having their income assistance payment reduced. Employment and training programs are government sponsored initiatives aimed at providing recipients with the education and experience necessary in order to become self-supporting in the future. Employment and training programs can serve as either positive supports for recipients moving into the work force or as a form of workfare depending upon the terms of participation. Transition supports refer to the continuation of cash or in-kind benefits for a specific period of time after the recipient has left social assistance and entered the labour market; these benefits serve as incentives to labour market participation as they counterbalance the low wages and benefits associated with entry level jobs. Verification and control measures are the means with which governments ensure that recipients meet all of the eligibility requirements and are not abusing the system. Each social assistance system combines these policy elements differently in order to achieve the specific goals of the welfare program.

In the 1990s, a number of Canadian provinces initiated a process of welfare reform, responding to both internal and external pressures for change. At the provincial level, governments in the early 1990s were facing dramatically increasing social assistance caseloads. Between 1987 and 1992 the number of people collecting welfare benefits across the country increased by 56 percent. Throughout this period, many provincial governments were also building up significant budget deficits and debts. The Canadian public was growing increasingly concerned about the impact of government borrowing and impatient with government welfare programs that appeared to be inefficient and widely abused. A secondary source of pressure came from the federal government. Beginning in 1990, the federal government began to make significant cuts in its provision of monetary support for provincial social assistance programs. This process culminated in 1995 with the termination of the Canadian Assistance Plan and the incorporation of federal welfare contributions into the new Canada Health and Social Transfer.

There were also a number of changes at the international level exerting influence on provincial welfare programs. One of these was welfare reform initiatives in other countries, particularly in the United States. A number of American states were experimenting with
various welfare reforms throughout the late 1980s and early 1990s; in 1996, the US federal government overhauled its welfare policy with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act. Another source of pressure was the changing nature of the global economy. Dramatic increases in capital mobility and international trade has begun to undermine governments' confidence that they can and should continue to provide generous social programs to their citizens. A final spur to reform came from a changing national and international debate around the appropriate role for governments in providing social security. While in the 1960s and 1970s it was widely accepted that governments had a responsibility to protect citizens from economic instability, by the 1990s the debate has increasingly focused on individual responsibility and the need for governments to facilitate rather than buffer adaptation to rapidly changing economic realities. These internal and external pressures blended together, precipitating changes to provincial social assistance policies across the country.

This thesis looks specifically at the welfare reforms adopted by Alberta and British Columbia in the 1990s. It examines and compares the recent reform initiatives in each province and the consequences of the reforms for the respective governments and social assistance communities. It further aims to explain the similarities and differences in the direction of the welfare reforms in each province by looking at which unique combination of pressures sparked change in each case and what internal factors influenced these policy choices.

B. Methodology

Methodologically, this thesis straddles the boundary between the comparative and the case study methods. The study of welfare reform in Alberta and British Columbia is a research area containing two clear cases. Following this, the thesis is inherently comparative, aiming to discover "empirical relationships among variables." However, a second goal of this project is to examine the international, national and provincial contexts of the welfare reforms, the specifics of the reforms adopted in each province, and their consequences. This type of in-depth exploration is more closely associated with the case study method. For this reason, along with the extremely small number of cases under consideration, this thesis is best conceived of as a comparative case study.

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There are several benefits to adopting this methodological approach. First, comparative case studies are “essential for description, and are, therefore, essential to social science.” From this perspective, there is an inherent value in collecting detailed, descriptive data on social and political phenomena. This enriches our collective knowledge and gives us material that can be later used for generating and testing theoretical concepts. In comparison to other subject matter, there is not a tremendous amount of research being done on Canadian social assistance policy from a political science point of view. This thesis can thus make a contribution to our knowledge base in this area.

Second, the comparison of social and political phenomena across jurisdictions provides the basis upon which to detect patterns and relationships. Description without comparison provides no bearings or guidelines with which to analyse social and political data. In this case, the comparison of the welfare policies of Alberta and British Columbia in the 1990s is useful for a number of reasons aside from the inherent value of description. The two provinces share many geographical, institutional and political characteristics that facilitate comparison: Alberta and British Columbia are the two western most provinces in Canada; they both are sub-national entities within a federal state; the same language dominates in both provinces and they are both relatively wealthy provinces. These shared characteristics suggest that the provinces are similar enough for a valid comparison to be made; these can also be seen as variables that are held constant through the comparison of the provinces’ welfare reforms. Another important factor is that Alberta and British Columbia serve as mutual reference points: “Ad hoc comparisons are continually made in political rhetoric, in everyday conversation, and in journalism. There is an understandable tendency to invoke evidence from [one] to support political arguments [in the other].”

Finally, the comparison is meaningful because Alberta and British Columbia constitute ‘our own backyards’. It is important to study what policy decisions are being pursued in the political jurisdictions close to us, not just at the national or international level.

However, there are a number of methodological difficulties associated with comparative case studies. “The principal problems facing the comparative method can be succinctly stated as: many variables, small number of cases.” The result of having too

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9 Colin Bennett. “Comparative Policy Studies in Canada: What State? What Art?” Policy Studies in Canada: The State of the Art. eds. Laurent Dobuzinskis, Michael Howlett and David Laycock. (Toronto: University of Toronto Press, 1996) 300. Originally, the point being made with this quote was that political debates often refer to evidence from policy initiatives in other countries. However, this cross-referencing is also evident in provincial political debates.
10 Lijphart, 685.
many explanatory variables and too few cases under study is that the ability to establish conclusive causal links is undermined. Fortunately, commentators have long pointed out ways in which to counteract the problems associated with having ‘many variables, small N’ and this thesis has attempted to make use of several of these proposals. First, by comparing welfare reform in Alberta and British Columbia, the thesis focuses on ‘comparable’ cases. ‘Comparable’ cases are defined as “similar in a large number of important characteristics (variables) which one wants to treat as constants, but dissimilar as far as those variables are concerned which one wants to relate to each other.”\textsuperscript{11} As already mentioned, Alberta and British Columbia share numerous characteristics which are not affected by their respective social assistance policies. By comparing cases that share a number of constants, the research design automatically reduces the number of possible explanatory variables. The value of this approach is not unchallenged, but it represents one way of increasing the certainty of the conclusions resulting from comparative research.\textsuperscript{12}

The second step adopted in this thesis to counter-act the ‘many variables, small N’ problem has taken the opposite approach: instead decreasing the number of possible variables, this strategy aims to increase the number of cases, or observations. This has been accomplished by breaking each case down into a number of specific observations which themselves can be directly compared. In this thesis, the social assistance programs of Alberta and British Columbia are broken down into their basic policy elements: eligibility requirements, asset exemptions, benefit levels, earning exemptions, employment and training programs, transition supports, as well as verification and control measures. Furthermore, some historical data has been included to prevent either exaggeration or diminution of the value of the dependent variable; in other words, it prevents distortion of the degree to which the welfare reforms in each province represented a departure from past policy. Finally, the consequences of the reforms on the respective governments and social welfare communities are also explicitly compared.

Another problem closely connected to comparative research is ‘sampling on the dependent variable’. This refers to choosing cases that are so similar as to prevent conclusive identification of causal links. The very fact that both Alberta and British Columbia underwent welfare reform in the 1990s may lead some to suggest that the thesis suffers from this problem. However, with the help of Boychuk’s typology of social

\textsuperscript{11} Lijphart, 687.

\textsuperscript{12} The opposing argument is that one should adopt the “method of difference” in which very diverse cases including cases which do not exhibit the phenomenon in question are also studied in order to increase the validity of causal inferences. For a summary of the debate between these approaches see David Collier. “The Comparative Method.” \textit{Political Science: The State of the Discipline II}, ed. Ada Finifter. (Washington: American Political Science Association, 1993) 111 – 112.
assistance regimes, it become evident that there is significant variation in the dependent variable between the two cases.

Boychuk argues in Patchworks of Purpose: the Development of Social Assistance Regimes in Canada that the social assistance policies of the various Canadian provinces can be categorised into ideal types depending upon “the extent to which they weaken the dependence of labour on the market, weaken the dependence of the individual on the family, stratify state dependants into a hierarchical ordering, and stigmatize recipients through contributing to a dualism between state dependants and those not dependent upon the state.”13 The five ideal types which he identifies are: (1) the residual regime; (2) the market/family enforcement regime; (3) the market-performance regime; (4) the conservative regime; and (5) the redistributive regime. Each of these regimes embody distinctive goals for the welfare system, values regarding who is deserving of state assistance and notions of what combination of policy elements will best achieve the overall policy goals.

Residual regimes aim to encourage social assistance recipients’ reliance on the market and/or family rather than the state for financial security. The primary disincentive to welfare use is extremely low benefit levels: residual regimes are based upon the principle of less eligibility which states that no one on welfare should be better off financially than someone working for the lowest market wage. Market-enforcement and family-enforcement regimes work to encourage recipients to depend on the market and the family respectively. These types sanction and stigmatise recipients for having failed to secure independence from state assistance. The market-performance model of social assistance is structured to encourage labour market participation through the use of positive incentives. Market-performance regimes stratify recipients according to their willingness to participate initiatives aimed at their transition back into the work force. Conservative regimes function to reinforce a non-market social hierarchy such as status or gender. This regime time explicitly distinguished between ‘deserving’ and ‘undeserving’ recipients, often providing generous assistance to the former and stigmatising the latter. Redistributive welfare policies aim to weaken recipients’ reliance on the market and the family through generous benefits, making participation in these social institutions a matter of individual choice. Redistributive regimes serve to foster social solidarity by neither stratifying nor stigmatising recipients and by providing benefits which are sufficient to serve as a genuine alternative to participation in either the market or family.14

13 Boychuk, Patchworks of Purpose, 14.
14 Boychuk, Patchworks of Purpose, 14 – 15 and 18 – 23.
While the welfare policies of Alberta and British Columbia both reflect the influence of a number of these regime models, this thesis reaches the same conclusion as does Boychuk – that overall Alberta has adopted market-enforcement model while British Columbia’s policy reveals a market-performance approach. Given that the reforms in the two provinces represent two distinctive models of welfare provision, this thesis cannot be accurately described as having sampled on the dependent variable. This research does, however, exhibit what King, Keohane and Verba describe as truncated variation of the dependent variable, meaning that less than the full range of variation on the dependent variable is explored. Ideally, one would like to examine the phenomenon of welfare reform across many jurisdictions, ranging from places where no reform has taken place to examples of radical reform; unfortunately, this is outside the scope of this project. As a result this research cannot claim to establish conclusive causal links between the explanatory variables and the different welfare reform models adopted in Alberta and British Columbia. While this is a significant drawback that must be acknowledged, the research remains valuable for the large amount of data collected about welfare reform in the two provinces and the explanatory hypotheses examined in chapter 6.

After describing and comparing welfare reform in Alberta and British Columbia, the third objective of this thesis is to provide an explanation for the major similarities and differences in the reformed policies and for why the two provinces chose to adopt divergent models of welfare provision. In order to address this question, first the specific combination of provincial, national and international pressures which helped spark reform in each province will be examined. Second, this thesis will look for elements of each province’s political context that contributed to the direction of the reforms. The variables explored for insight into this are: (1) partisanship; (2) economic circumstance; (3) interest groups; and (4) political culture. Each of these variables point to clear differences between the two provinces which may, in theory, explain the social assistance model chosen.

Partisanship, or the identity of the political party in power, is often acknowledged as a causal determinate of policy choice. In the case of social policy, parties on the left of the ideological spectrum are expected to implement generous programs which function to redistribute wealth in society and to de-stigmatise government assistance. Parties on the right are expected to design policies that function to reinforce individual responsibility, traditional family values and reliance on the market rather than government intervention. The second perspective emphasises the economic circumstance of the government as a cause of policy. It suggests that governments in times of prosperity can afford to create

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15 King et al., 130.
social safety nets that are both generous and inclusive. However, if economic circumstances become more difficult, for example, on account of a growing debt and deficit, one can expect the governments to reduce the amount of resources they invest in social programs. The third explanatory variable is the role of interest groups. Pluralists argue that policies are a reflection of the influence exerted on the government by the various groups in society. The relative influence that groups are able to exert on the government is dependent upon their size, organisation, wealth, legitimacy and access into the political arena. Governments remain the final decision-makers, but their decisions can be affected by the demands of powerful interest groups. Political culture is the final potential policy determinate examined in this study. Political culture embodies deeply held and widely shared normative beliefs that are constituent parts of a polity’s identity. These beliefs help determine what parties stand a chance of being elected to power and what policy choices can be made without severe electoral consequences.

The benefit of examining these causal hypotheses is that it highlights the degree to which each province was predisposed towards choosing a particular social assistance model. This analysis does not exhaust all of the potentially relevant variables which affect policy choice, but it contributes to theory building by narrowing the range of possible candidates to which causality may latter be attributed. Despite the lack the absolute certainty, a great deal can be learned about the causes of the welfare policy choices made in Alberta and British Columbia in the 1990s.

A final issue that must be addressed is that of data collection. There were two main categories of sources used in this research. The first was written accounts from various academic, journalistic, governmental and non-governmental documents. The second was a series of interviews with members of the government and social activist communities in Alberta and British Columbia who were determined to have unique and privileged perspectives on the welfare reforms in their province. The approach adopted for this was a hybrid of the interview guide and standardised open-ended interview techniques. The order and wording of the interview questions were carefully developed prior to the interviews; however, there was considerable flexibility permitted for probing into and exploring in more depth questions on which specific interviewees had more expertise. This format served to provide solid structure to often time-pressed interviews and to minimise bias, as responses could be cross-referenced. Most importantly, this format enabled relatively systematic data collection across the two jurisdictions without unduly sacrificing

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the specialised knowledge of each individual. Unforeseen problems that occurred during research was that the wording of the questions varied somewhat across the interviews and that in some cases a number of questions could not be addressed due to time constraints. Furthermore, only 5 of the 6 originally planned interviews were completed as the proposed interview with the appropriate Albertan cabinet minister was not granted. These problems resulted in various asymmetries in the data. Asymmetry was also a problem in the data collected from the written documents. However, the different amounts of data on the various elements of the research question were spread out between the two jurisdictions, meaning that, overall, there was not one province for which substantially less data was available. It is hoped that this prevented any sort of systematic bias. Finally, efforts were made to ensure the accuracy of the data reported from the interviews as interviewees were given the opportunity to review their responses that were included in the thesis. While this practice risks biasing the data after the fact, this must be balanced against the larger goal of not accidentally misrepresenting any the interviewees.

This chapter has provided a brief outline of social assistance policy and its place within the larger welfare state. It has also described the methodological and theoretically basis of this thesis. The next chapter examines the range of internal and external pressures weighing on provincial welfare programs in the early 1990s. Chapters 3 and 4 examine in detail the welfare reforms adopted by Alberta and British Columbia. The subsequent chapter is a direct comparison of the social assistance policies of the two provinces. Chapter 6 provides an explanatory framework for the similarities and difference embodied in the welfare reforms of Alberta and BC.
Chapter II  Pressures for Change

Throughout the 1980s and early 1990s a number of changes at the provincial, national and international level began to exert pressure on Canada's social assistance programs. While the relative influence of the individual factors on each of the provincial programs varied, together these pressures precipitated welfare reform initiatives across the country.

A. Provincial Pressures

Beginning in 1980, provincial governments throughout Canada began to see dramatic increases in the number of people collecting welfare benefits. Between 1981 and 1991, the number of welfare recipients grew from 1,420,000 to 2,290,000. Furthermore, the increasing demand on provincial welfare provisions was growing faster than the population, meaning that an ever-increasing proportion of the Canadian populace was relying on social assistance as a primary source of income. The first dramatic increase in welfare use came with the 1981/82 recession. Prior to this, the number of welfare recipients was relatively stable, hovering around 6 percent of the population. The proportion of recipients plateaued between 1983 and 1990 at approximately 7 percent. In 1990, the number of recipient once again jumped dramatically, such that in 1991, 8.5 percent of Canadians were collecting social assistance cheques.

The increasing number of welfare recipients throughout this period reflected trends in the unemployment rate. The surges in welfare dependency in 1981 and 1990 corresponded to economic recessions during which the unemployment rate rose from 7.4 percent in 1981 to 12.4 percent in 1983 and from 7.2 percent in 1990 to 11.1 percent in 1992. Even after the economy recovered from these recessions, unemployment rates remain high, averaging 9.7 percent between 1984 and 1993, and never falling below 7 percent. This chronically high level of unemployment led to an increase in the proportion of 'employable' individuals turning to welfare provisions rather than the market for financial

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19 CANSIM matrix 3451. Unemployment rates listed are from March of each year.
security. In 1981, approximately 30 percent of provincial welfare caseloads were made up of ‘employables’; by 1993, this proportion had risen to 45 percent.\(^{20}\)

As welfare caseloads grew, so did the costs of providing social assistance for the provincial governments. In 1980/81, the provinces and territories paid a total of $3.7 billion on their combined welfare programs; in 1990/91, the cost of these programs had nearly tripled to $9.4 billion.\(^{21}\) Furthermore, the economic recessions and high unemployment had also functioned to weaken the financial security of the provinces, reducing their tax revenues and increasing the amount of money borrowed to fulfil their budget commitments. This resulted in quickly accumulating deficits and debts. Between 1980 and 1992 the combined provincial and territorial net debt rose from $21 billion to $143 billion.\(^{22}\) Thus during the 1980s and 1990s the provinces were facing increasing social assistance costs at the same time as their own budgets were strained by reduced revenues and increased interest payments on their debt.

There is considerable debate around the relative economic detriments caused by the debt and deficits compiled by Canadian governments during this period. However, the general public had become increasing concerned about the issue; at the provincial level, public anxiety was at least in part a spill over effect from concern about federal indebtedness which had multiplied from $72 billion in 1980 to $428 billion in 1992.\(^{23}\) While the public was not supportive of governments’ financing its activities through borrowing, it was also adverse to the idea of increasing government revenues through higher taxes. Thus many provincial governments looked to spending-side solutions to help stabilise their financial circumstances, making social programs vulnerable to cutbacks.

Finally, public attitudes toward provincial welfare programs began to harden in the 1980s and 1990s. Rather than conceptualising the programs as a success, supporting millions of Canadians through difficult economic times and combating widespread poverty, debate increasingly emphasised concern over welfare fraud, a declining work ethic and the welfare system’s contribution to the growth of dependency.\(^{24}\) The media was a major


\(^{22}\) CANSIM matrix 3198.

\(^{23}\) CANSIM matrix 3198.

contributor to public mistrust of provincial welfare programs as despite the fact that official measures of welfare fraud indicate that it represents between 2 and 3 percent of total social expenditures; "[h]ardly a month goes by without a newspaper account of yet another case of welfare fraud, usually involving large sums of money." Anecdotal evidence from the press and personal experiences reinforced each other, creating widespread scepticism regarding the legitimacy of welfare recipients' need and growing support for anti-fraud and work-for-welfare initiatives.

B. Federal Pressures

Changes in federal welfare policy constituted another pressure on provincial social assistance programs. The centrepiece of federal welfare policy between 1966 and 1995 was the Canada Assistance Plan (CAP). As provision of social assistance is constitutionally assigned to the provinces, CAP was the primary mechanism through which the federal government used its spending power to help finance and regulate welfare provisions. This arrangement reflected a compromise: the provinces and territories gave up some of their constitutional control over the provision of social assistance in exchange for much needed financial support while Ottawa agreed to pay up to 50 percent of the costs of welfare and designated services in exchange for the ability to set national standards.

The Canada Assistance Plan designated several requirements that had to be built into any provincial or territorial social assistance program in order to qualify for federal money. The first requirement was that assistance must be provided to anyone in 'need'. This stipulated that provinces and territories must provide financial aid to anyone whose basic expenses exceeded their household income. The regulation also ensured that particular categories of people could not be excluded from benefits because of the 'cause' of their poverty. Further, it curtailed provincial and territorial governments' efforts to establish mandatory work-for-welfare programs. Second, provinces and territories could not attach a residency requirement to welfare benefits. This injunction protected the equality and mobility rights of low-income Canadians wishing to move between jurisdictions. Third, CAP required that there be an appeal process to ensure that institutional accountability was

27 The Constitution Act 1967 specifies provincial control over social services in sections 92(7) and 92(16). The federal spending power is derived from sections 91(1a) and 91(3). For a discussion of the division of powers related to social welfare and income security see Banting. The Welfare State and Canadian Federalism. 49 – 54.
built into the various social assistance programs. The fourth requisite was that each province and territory maintain an accounts record of the funds disbursed through its social assistance program. The fifth and final requirement was that all legislation and regulations concerning welfare policies be made publicly available.\textsuperscript{28} In exchange for meeting these requirements, the federal government paid half of the provinces' and territories' total welfare costs including cash payments to needy individuals, subsidised child care, adoption services, rehabilitation services, emergency supports, independent living and community development services as well as some health expenses not covered under Medicare.\textsuperscript{29}

Despite these five federal stipulations, CAP retained a significant degree of freedom for the provinces and territories. They remained responsible for the design and administration of their social assistance programs and were free to establish their own definition of need so long as it was consistently and impartially applied within each jurisdiction.\textsuperscript{30} Further, each province and territory was able to set its own welfare rates and change the specifics of their programs without the approval of the federal government. The end result of this flexibility was significant variance in the level and character of social assistance benefits across provinces and territories; it also left somewhat murky the question of whether CAP effectively established national standards of welfare provision.

During the early 1980s, in response to the growing national social assistance caseloads, the federal, provincial and territorial governments signed a series of “four-corner agreements” which directed 400 million cost-shared federal dollars into more than 3,000 training and employability program for welfare recipients.\textsuperscript{31} Up until this time, compulsory welfare-for-work initiatives were limited, in part because contemporary interpretation of the terms of CAP had excluded such programs from cost-sharing.\textsuperscript{32} Following these was a series of ‘employability enhancement’ agreements that implemented pilot projects across the country, streaming welfare recipients into the Canadian Jobs Strategy program. The ‘four-corner’ and ‘employability enhancement’ agreements were significant in that they were designed to make re-entry into the labour force a major goal of provincial and territorial welfare programs and they modified CAP regulations to facilitate cost-sharing of ‘transitional’ benefits as recipients left social assistance for gainful employment.

\textsuperscript{28} Boychuk, \textit{Patchworks of Purpose}. 46.
\textsuperscript{30} Boychuk, \textit{Patchworks of Purpose}. 47.
\textsuperscript{32} Evans, “From Workfare to the Social Contract.” 62.
In the 1990s, the federal government began to reform its welfare policies. The first step was Bill C-69, the Government Expenditures Restraint Act of 1990, through which Ottawa placed a 5 percent ‘cap’ on the yearly increase it would pay to British Columbia, Alberta and Ontario. This was the first time since 1966 that the Canadian government broke its commitment to 50-50 cost sharing of social assistance programs with the provinces.33 The federal government continued to require all the provinces and territories to adhere to the initial CAP requirements but had signalled its willingness to alter the fundamental compromise upon which the 1966 Act was based. For the next 5 years, in the context of large provincial government deficits and economic recession, any increases over 5 percent in the cost of providing social assistance in British Columbia, Alberta and Ontario were borne solely by these provinces. Bill C-69 was challenged by the affected provinces as well as the Native Council of Canada and the United Native Nations of British Columbia in the BC Court of Appeal; however, the initiative was vindicated in the Supreme Court, which ruled that the federal government has the right to overrule and change its own commitments through parliament.34

The second step in the reform process came in 1995, when the federal government announced plans to unilaterally alter the way in which it provided money to the provinces and territories for social programs. The Canada Assistance Plan and the Established Programs Financing Act (which contained provisions for federal-provincial cost sharing of health and post-secondary education expenses) were subsumed into a new, essentially unconditional, block grant called the Canada Health and Social Transfer (CHST). The two fundamental changes in welfare policy embodied in the CHST were a dramatic drop in federal financial support and the elimination of all the national requirements save the prohibition on residency requirements.

The combined transfer represented approximately a 15.5 percent cut to federal transfers to provincial social programs between 1995 and 1997.35 The CHST is also a block-grant which has two important implications: (1) it transforms an open-ended matching grant into a fixed sum transfer; and (2) it frees the provinces and territories to determine the manner in which the transfer is divided among health, post-secondary education and social assistance programs. The transformation of CAP into a fixed sum transfer is significant because it means that the amount of money that Ottawa will contribute

35 Calculation based on Department of Finance. “Summary Statement of Transitions: Fiscal Outlook with Budget Measures.” www.fin.gc.ca/budget95/speech/speeh9e.html. (4 April, 1999). This drop in federal funding encompasses health and post-secondary education as well as social assistance programs.
to provincial welfare programs will no longer reflect the fluctuating number of people requiring assistance in any given year. This makes budgetary planning easier for the federal government but leaves provinces unassisted in dealing with unexpected increases in the number of people claiming welfare benefits. The fact that that the provinces can divide up the value of the CHST among its various social programs depending upon their priorities also indirectly affects the amount of money that will be put into provincial welfare programs. This is because “[s]ocial assistance, which is directed towards a segment of society … will never have the importance or support accorded to services, such as health care, that are intended for the general population.” Thus, because the CHST does not specifically delineate funds for welfare programs, it makes social assistance provisions more vulnerable to provincial funding cuts on top those already instituted by the federal government.

The elimination of all but one of the national standards which the provinces and territories must meet in order to receive funds further signals the exit of the federal government as a major actor in the area of welfare policy. The elimination of the ‘needs’ test as a requirement for federal funds has cleared the way for provinces and territories to impose workfare programs and to disqualify specific groups for social assistance benefits, both of which were prohibited under CAP. Boychuk suggests that the replacement of CAP with the CHST “demonstrated that the current federal policy is moving more explicitly towards accepting diversity in provincial program design and delivery – if not actually encouraging provincial variation.” Further, it has proven problematic for the federal government to try to retain its prohibition on residency requirements given the dramatic drop in its financial support of provincial and territorial social assistance programs and the relaxation of the other national standards. This is evidenced by the British Columbia government’s attempt to implement a 3 month residency requirement and its subsequent court challenge against the federal government’s response of withholding of transfer payments.

While the provincial governments have supported the exit of the federal government from regulatory control over their social assistance program, many social activists and commentators reacted to this departure with dismay. They have voiced concern that the

38 Boychuk, Patchworks of Purpose, 98.
39 The case was settled out of court in 1997.
federal government’s retreat will undermine national unity, start a ‘race to the bottom’ amongst provinces and territories and erode the uniformity existing among the countries’ income assistance programs.\(^{40}\) These predictions reflect a fear that without significant federal involvement in provincial and territorial welfare programs, these programs will shrink to such an extent as to no longer be an adequate social safety net. However, as previously noted, flexibility and jurisdictional variation was a central tenant of the CAP from its inception. Furthermore, as Courchene points out, “the truth is that over the last 15 years, it’s Ottawa that’s been the most unreliable partner with its continuing set of unilateral caps, freezes and cuts to the federal-provincial transfer system.”\(^{41}\)

In addition to changing the funding arrangements for provincial welfare programs, the federal government also indirectly contributed to the growth of the welfare caseloads by reforming the Unemployment Insurance (UI) program in the early 1990s. This program was initially intended to provide income support in a transition period for workers in between jobs, in comparison to the social assistance programs which were aimed at providing financial support for individuals excluded from the labour market completely. As already mentioned, more and more employable Canadians joined the welfare rolls throughout the 1980s and 1990s. However, dependence on UI was also growing during this period, from 669,000 in 1980 to 1,146,000 in 1992.\(^{42}\) Unemployment had been chronically high, increasing with each economic recession and not falling back to its original level once the economy recovered. This resulted in increasing numbers of recipients and increased expenditures. Prior to 1990, Unemployment Insurance had been financed through employer and employees contributions, topped up by funds from the federal government’s general revenues. However, beginning in 1990, Ottawa stopped supplementing the UI funds; it also increased the periods of work needed for eligibility and reduced the time period during which a UI recipient could receive benefits. In 1996, the program was renamed Employment Insurance (EI), reflecting an increased emphasis on employability, job training and individual responsibility.\(^{43}\) These changes worked to decrease the number of Canadians collecting EI, but it also increased the numbers of people who needed to turn to provincial welfare systems once their EI benefits had run out.

\(^{40}\) Boychuk, *Patchworks of Purpose*, 99.
\(^{42}\) CANISM matrix 5706. Number of beneficiaries listed are from January of each year.
C. International Pressures

A number of changes occurring outside of the confines of the Canadian border also exerted pressure on provincial welfare programs. The first of these was transformations in the social welfare programs of other countries. A central tenet of the reforms has been efforts to "forge closer links between income support and work expectations." Britain, France, Holland, Australia and the United States are among the countries that have reformed their social assistance provisions in hope of transforming 'passive' income support systems into more 'active' labour market programs.

Of all the international reform initiatives, the transformations taking place in the United States were perhaps the most important for Canada's welfare system. Since the 1960s, American federal welfare policy had been directed through the Aid to Families with Dependent Children (AFDC) supplemented by Food Stamps and Medicaid. As in Canada, the states are responsible for the administration and delivery of welfare but, under the AFDC, the federal government provided a significant proportion of the financial support for the programs. It also exercised considerable regulatory control over how the states utilised federal financial contributions to welfare policy. Conditions for receiving AFDC funds included following federal maximum assistance levels, providing uniformity of welfare benefits within each state and, after 1972, ensuring that all welfare recipients participate in a Work Incentive Program. During the 1980s, the American government began encouraging states to experiment with different policies aimed at reducing their welfare rolls and encouraging recipients to enter the labour market by issuing waivers to states wanting to circumvent AFDC regulations. In 1988, the Family Support Act was passed, tying AFDC to a program called Job Opportunities and Basic Skills (JOBS) which mandated work requirements for welfare recipients and increased funding for transitional child care and Medicaid benefits for those leaving AFDC for employment.

In 1996, the Clinton administration, after having promised in their last election campaign to "end welfare as we know it", passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). As a result of the new legislation, federal

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44 Evans, "From Workfare to the Social Contract." 55.
welfare spending dropped 12 percent between 1995 and 1997. PRWORA also cut welfare spending by $55 billion dollars between 1997 and 2002. The Act replaced the AFDC with a new block grant called Temporary Assistance to Needy Families (TANF). Furthermore, PRWORA eliminated the entitlement status of welfare, which means that states are free to further limit the eligibility requirement for families seeking benefits. Other federal welfare provisions under the Act include a Child Care and Development Block Grant and a significantly reduced Food Stamp program.

While PRWORA was heralded by some commentators as a ‘devolution revolution’, the legislation contains a number of strict requirements which the states must meet in order to maintain federal funding. The most significant of these federal requirements are that states must maintain 80 percent of their historic spending levels, require recipients to work after 2 years of receiving benefits, enforce a 5 year lifetime limit on welfare benefit, provide Medicaid to families meeting a means test, take over collection of child support, and refuse benefits to individuals convicted of drug-related crimes and immigrants. These requirements are to be gradually implemented between 1997 and 2002; however, states that fail to meet these requirements are subject to reductions in their TANF grants, while those that succeed most dramatically in achieving federal welfare goals are rewarded with financial bonuses. Welfare reform in the United States has resulted in a sharp reduction in the amount of federal funds that are available to the states with which to supplement their social assistance programs. It has also revoked the eligibility status of welfare, made the Food Stamps program less generous and made Medicaid coverage even more restrictive.

What does American welfare reform mean for Canada? There is no indication that policies on either side of board are converging, particularly as the American government retains considerably more regulatory control over sub-national welfare policies than does its Canadian counterpart. However, welfare reform in the United States is relevant in that it illustrates that the countries share concern over at least two issues: one being the increasing financial costs to governments of welfare programs and the other being the increasing reliance of employable adults and their children on income assistance.

Growing concern internationally about increasing welfare costs and caseloads indicates that these problems are not specific to any one country or economy. Many social commentators in fact point to the changing nature of the global economy as a growing

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pressure on local income assistance programs. Banting argues that during postwar decades, increased international trade and increased social expenditures seemed mutually reinforcing in the Western developed nations.\(^{50}\) The relaxation of trade barriers contributed to widespread growth in economic prosperity, which translated into an ability to finance generous social programs. The size and scope of each countries’ social safety net was a matter of political choice; however, smaller countries with relatively open economies tended to adopt more expansive social programs in attempts to cushion their societies from economic shocks originating from international arena.\(^{51}\)

However, in recent decades, increases in capital mobility and international trade have increased the competition for capital-friendly tax and regulation environments. They have also increased the costs of incurring public debt. Economic globalisation has thus put pressure on the sources of government revenue with which to provide social programs. Banting further notes that

> Since the late 1970s, the postwar symbiosis between the international economy and the welfare state has broken down. Economic integration on a global and regional basis, intense competition in the international trading system, the associated restructuring of domestic economies, and less stable macroeconomic conditions have generated contradictory pressures on the welfare state. On one hand change creates victims; hence workers, regions of the country, and sectors of the economy that have been hurt create pressures for increased public spending. On the other hand, global economic changes create pressures to limit expenditures and to redesign social programs in ways that reduce rigidities in the labour market, enhance the flexibility of the domestic economy and reduce fiscal burdens on the state.\(^ {52}\)

This analysis seems to match well with Canada’s experience in the global economy in the mid 1990s. On one hand, there are increasing numbers of ‘victims’ as the ‘old style’ jobs, with low skill requirements and high wages, are phased out and replaced by new jobs requiring highly trained workers. Full time work has also been increasingly replaced by part time, low benefit jobs. This has not been an easy or even transition, evidenced by the consistently high unemployment rate and rising number of social assistance and unemployment insurance recipients. As a result of this, the government has faced increased pressure from social advocacy groups such as Canadian Labour Congress, National Action


Committee on the Status of Women and the National Anti-Poverty Organisation to maintain, if not increase, financial support of the country's social programs. On the other hand, domestic business argued that in order for the country to remain competitive in the global economy, the federal government would have to cut its tax burden and cut its own spending to meet deficit targets; this in turn meant that the government would have to withdraw from its spending commitments under CAP (and all other cost shared social program). While domestic interests were split over the issue of federal funding for social programs, international financial pressure weighed in on the side of Canadian business interests. International investment agencies have been particularly interested in Canada's commitment to cut the deficit and work towards a balanced budget. For example, just prior to the 1995 federal budget, jittery financial markets sent the dollar in a downward spiral and Moody's Investor Services put Canada's AAA credit rating under review. The pressure to conform to international financial pressure was publicly acknowledged by the Department of Finance as "a tangible loss of economic sovereignty."

Movement towards a global economy has not as of yet appeared to necessitate a convergence of social policy design. However, it does create contradictory pressures on social policies and leaves governments struggling to make difficult choices between 'a healthy fiscal climate' and 'a kinder, gentler society'.

Finally, the debate surrounding the appropriate role of governments in providing social security has undergone a transformation. While the welfare state has never commanded a universal consensus, throughout the 1960s and 1970s there was broad political support for governments intervening in the economy in order to redistribute wealth and provide for the most vulnerable segments of society. However, in recent years, "[p]olitical rhetoric is turning away from the former redistributive emphasis and toward greater emphasis on self-reliance and the creation of income." Public emphasis has also moved away from government social assistance programs as potential solutions to the problems of poverty. For example, in the United States the increasingly popular view is that "the crux of the welfare problem [is] dependency, not poverty, and that the welfare system [is] more the problem than the solution."

55 See Banting "The Social Policy Divide." and Boychuk "Are Canadian and U.S. Social Assistance Policies Converging?"
56 Courchene, "Remaking Social Policy." 47.
57 Evans, "From Workfare to the Social Contract." 57.
In Canada the changing debate has not undermined political support for government provision of social assistance, however, it has translated into solid public support for reform initiatives. One example of this support is a 1994 Gallup poll that found 86 percent of Canadians in favour ‘making people on welfare go to work’. The prevailing discourse among the government elite, following that at the Organisation for Economic Co-operation and Development, has increasingly emphasised the importance of reforming welfare to adjust to a changing economic order and the need to restructure social programs such as to bolster work incentives and facilitate, rather than impede, adjustment to new economic realities.

The Canada West Foundation, in a publication entitled Issues and Options for Change: Social Services in the 21st Century, has challenged the debate in Canada even further by suggesting that the era of the welfare state is passed and that we are now entering the era of the welfare society.

The welfare state is characterized by a sense of collective responsibility for social welfare, and by highly developed universal social services. In Canada, this was accompanied by a strong centralization of fiscal and decision-making responsibility for social programs, and the development of a means for overriding constitutional division of that gave primary responsibility for social programs to the provinces. Government, in general, and the federal government in particular, emerged as the primary funder of social services, as the cornerstone of the “social safety net”. By contrast the welfare society is based on ideals of individual responsibility. It features the decentralization of both decision-making and the provision of social services. Government assumes a more restricted role in social programs. It focuses on providing core services, on strategic planning for the service delivery system, and on the maintenance of standards for service delivery. Strong emphasis is placed on families, individuals and communities in the role of social care, and there is an emerging opposition to the state provision of universal comprehensive services based on the argument that such services foster dependency and encourage bureaucratic inefficiency. The ideas that are guiding the restructuring of social services are decentralization, devolution, community based care, and rationalization; all are aspects of this shift along the continuum from a welfare state to a welfare society.

The Canada West Foundation suggests that movement away from the collectivist welfare state to the more individualistic welfare society can be seen in the reduction of federal government funding and regulatory control embodied in the CHST.

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60 Sieppert, 4 -5.
The pressures discussed in this chapter are not insular forces acting independently upon the provincial social welfare programs. Rather they merge together, reinforcing each other and creating a complex web that forms the context in which welfare reform has taken place. In each province, a different combination of these forces has worked to precipitate policy change. The direction of this policy change depends upon the primary goals that the welfare policy is intended to achieve and the specific political context within the province. In the following chapters we will see specifically how the governments of Alberta and British Columbia dealt with these pressures on their social assistance programs.
Chapter III  Alberta

The specific details of Alberta’s social assistance policy have changed numerous times in recent years. However, in 1993, Alberta initiated a complete reform of its welfare policy. This required re-defining the goals of the welfare system and adjusting the various policy elements in order to achieve these new objectives. This chapter examines the changes made in order to facilitate welfare reform and their role in establishing a particular type of social assistance regime in Alberta. It will also review the consequences, both for the government and for the larger social assistance community, of having adopted this model of welfare provision.

A. Welfare Reform

Boychuk argues that between 1970 and 1990 Alberta transformed from a conservative to a market/family enforcement social assistance regime. More specifically, Alberta’s policy after 1993 reflects a market-enforcement model of welfare provision, the goal of which is to encourage all categories of recipients to depend upon market rather than the government or the family for financial security. The primary mechanism through which it achieves this goal is through the use of sanctions and stigmatisation as a deterrent to welfare use. The market-enforcement model embodies the belief that only those who absolutely cannot participate in the labour market are deserving of state assistance. Alberta’s movement toward this model is evidenced by its adoption of increasingly stringent work requirements for employable recipients and a relatively broad definition of employability. While its transformation to the market-enforcement model was gradual, the welfare reforms of Alberta’s social assistance policy in 1993 marked a high point of this process.

In 1990, the department of Alberta Family and Social Services implemented a new welfare program entitled Supports for Independence (SFI). As the name implies, the focus of SFI was “encouraging the greatest possible degree of self sufficiency among recipients.” SFI increased the level of categorisation in Alberta’s welfare system: recipients were separated into four different programs based on their relationship to the labour market. The first program, Assured Support, was established for recipients unable to

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61 Boychuk, *Patchworks of Purpose*, 75.
62 The legislative basis of SFI is the Social Development Act. As of May 1999, the department responsible for social assistance is Human Resources and Employment.
work on account of disabilities or multiple barriers to work force entry, including old age, failing health or lack of education. The Employment and Training Support program was instituted for able-bodied recipients who were immediately available for participation in work experience, training, or educational programs aimed at facilitating a return to the work force. A third program, entitled the Transitional Support Program, was provided for welfare clients who were temporarily unavailable for work on account of short term health problems, pregnancy or responsibility for an infant or an ill/disabled dependent. The Supplement to Earning Program was the fourth component of SFI, established to supplement the income of people who had part time or full time employment but were unable to make sufficient wages to meet the needs of their family.  

In 1992, Mike Cardinal was appointed Minister of the Alberta Family and Social Services department. He felt that the changes that had been instituted with SFI were neither significant nor fast enough to facilitate meaning reform. This was confirmed by the social assistance caseload reaching an all time high of 99,000 in December of that year. Cardinal was determined that under his direction the department would change from a passive welfare system into an active employment initiative. Thus, in 1993, Alberta once again began the process of welfare reform and “plans were developed at every level with the goal of getting employable Albertans off welfare and into the workforce.” According to Don Fleming, then Deputy Minister of AFSS, “programs were changing before 1993 but the changes had not been effectively enforced. The Ministry had a new employment focus which aimed to restore people’s sense of self-worth [by returning them to the labour market] and to use the money saved to increase the support to other vulnerable people.”

In order to create a social assistance program to achieve the goals of the market-enforcement model, a number of changes were made to each of the policy elements in the Alberta welfare system. While these changes approached the problem from a number of different angles, their combined effect was to increase the relative attractiveness of labour market participation by creating greater barriers and disincentives for employables looking to the government for assistance.

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66 Alberta Family and Social Services, A Chronology, 2.
67 Don Fleming, former Deputy Minister, Alberta Family and Social Services, interview, 2 June 1999.
i. Eligibility Requirements

Eligibility requirements determine who can apply and receive social assistance. The determination of eligibility is made based upon a ‘needs test’ and a variety of rules regarding personal characteristics. A ‘needs test’ identifies individuals and families whose basic needs are greater than their available resources. The definition of need varies based upon applicants’ circumstances such as family make-up and medical condition, however, items normally factored into the calculation of basic needs include food, shelter, clothing, fuel, utilities, household supplies, personal care, religious obligations, and recreation. The resources applicants have to meet these needs are measured against the asset exemptions determined by the province. Applicants whose needs exceed their available resources are eligible for assistance provided that they also meet a number of regulations regarding personal characteristics. The characteristics evaluated to determine eligibility include age, citizenship and willingness to follow program regulations. Relevant program regulations include mandatory job search requirements and participation in employment and training programs.

Eligibility requirements embody a series of subjective judgements on the part of the government as to who deserves exemption from reliance on other social institutions for financial security. Under a market-enforcement model, deservedness is determined by applicants’ ability to participate in the labour market; only those who are unemployable truly deserve government support. However, the question of who is or is not employable is a political rather than technical consideration; for example, whether single parents or people with mental and physical disabilities are employable depends upon a particular society’s values. As Alberta’s definition of employability became increasingly inclusive throughout the 1980s and 1990s, the number of people considered deserving of unconditional social assistance decreased.

The changes in eligibility requirements during the 1993 welfare reforms clearly reflect the curtailed notion of deservedness in the market-enforcement model. First, the department made a concerted effort to reduce the number of people joining SFI by requiring applicants to more conclusively demonstrate their need. People who quit their jobs, were fired without acceptable cause or dropped out of school were made ineligible for welfare. The AFSS also insisted that applicants exhaust all other sources of income and conduct employment searches prior to applying for assistance. Officials began routinely rejecting

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69 Boychuk, Patchworks of Purpose. 18.
first applications, except in cases of evident hardship, such as cases of domestic violence.\textsuperscript{70} Second, a number of categories of individuals were deemed ineligible for income assistance after 1993. The first such group is youth between the ages of 16 and 17, who can no longer apply independently for income assistance as they are presumed to be the responsibility of their family.\textsuperscript{71} A second group made ineligible for general welfare are adults over the age of 60. Anyone falling into this category is required to apply for a Canada Pension Plan early retirement package despite a permanent 30 percent loss of value in their pensions.\textsuperscript{72} Sponsored immigrants were also made ineligible for social assistance under the 1993 changes. Once accepted into SFI employable recipients must actively search for work and participate in employment and training programs. Single parents must begin this process once their youngest child reached the age of six months; under the previous regulations single parents were exempted from such requirement until their youngest child was 2 years old. Single parents are also required to let the AFSS to pursue child maintenance orders through the Family Relations Program to remain eligible for assistance.\textsuperscript{73}

\textit{ii. Asset Exemptions}

As already mentioned, eligibility for social assistance is determined by a needs test that compares an applicants’ basic needs to their available resources. However, a needs test does not include all applicants’ resources in this equation; rather applicants may retain some fixed and liquid assets and still qualify for welfare. The rationale behind asset exemptions is that while policymakers want to target benefits to those most in need, they also want to ensure that welfare recipients are not so impoverished that they will find it difficult to return to the labour market or normal family life.\textsuperscript{74} Fixed assets that are often exempted from the need test calculation include an applicant’s principal residence, furniture, clothing, a car


\textsuperscript{71} In ’exceptional’ cases, and only upon recommendation by child welfare authorities, youth are accepted into a separate program, which enables recipients to live independently and to receive income support; however, benefit levels are lower level than those provided by SFI, with a maximum monthly benefit of $336.


\textsuperscript{73} AFSS negotiates maintenance agreements or pursues court orders when agreements can not be reached voluntarily; however, once settlements are reached, the value of the child maintenance cheque is deducted from the recipient’s welfare benefits.

\textsuperscript{74} Boychuk, \textit{Patchworks of Purpose}, 17.
(depending upon transportation conditions) and employment related equipment. Provinces establish a maximum limit on the amount of liquid assets an applicant may retain from employment, pension or unemployment insurance incomes and still qualify for assistance. There are, however, a few government income security payments that are usually exempted, such as the federal Child Tax Benefit and the GST credit.\textsuperscript{75}

Although a market-enforcement regime aims to discourage all recipients from relying on government assistance, the primary way it which it achieves this goal is through sanctions and stigmatisation. Thus, asset exemptions need not be so low as to cause hardship, "on the principle that only those who are truly in need would willing subject themselves to the stigmatization accompanying receipt of assistance."\textsuperscript{76} Alberta's asset exemptions have since the late 1980s reflected the relative indifference suggested by the market-enforcement model. Employable recipients may keep up to $50 in cash and up to $1,450 in cash assets and remain eligible for SFI payments; families with an employable member can have $250 in cash and $2,250 in cash assets. Unemployable singles can have up $1,500 in cash; single parents with 1 dependent may have $2,500 in cash assets; and single disabled people can keep up to $3,000.\textsuperscript{77} The 1993 welfare reforms did not change the allowable liquid asset exemptions levels for either employable or unemployable recipients. However, the allowable market values for vehicles owned by applicants were reduced from $8000 to $4000 per household.

\textit{iii. Benefit Levels}

Once eligibility has been confirmed, social assistance recipients receive a monthly payment from the government. This monthly payment is includes a standard package, made up of a support allowance and a shelter allowance, and various special allowances to cover medical and other exceptional expenditures. In determining benefit levels, policy makers must find a balance between providing recipients with adequate resources to meet their needs and the opportunity to re-establish their independence without being so generous as to discourage participation in the labour market.\textsuperscript{78}

In market-enforcement regimes, benefits levels, like asset exemptions, are not the primary instrument with which to discourage dependence upon the welfare system and thus can be set such as to provide adequate financial support without undermining the larger

\textsuperscript{76} Boychuk, \textit{Patchworks of Purpose.} 20.
\textsuperscript{78} Boychuk, \textit{Patchworks of Purpose.} 17.
goals of the program. In the early 1980s, Alberta’s social assistance benefits reflected the potential generosity of a market-enforcement model, being 53 percent higher for singles and 22 percent higher for two parent families with children than those provided in British Columbia, Ontario and Quebec. The philosophy of the AFSS during this period was also generous, “err[ing] on the side of providing assistance” and ensuring that income assistance clients received all of the benefits to which they were legally entitled. In the latter part of the decade Alberta’s benefit levels were heavily eroded by inflation and government cuts. However, in 1990, benefits were increased with resources for having a telephone and a modest transportation benefit becoming a part of the standard package as well as small increases in food and shelter allowances (the first increase in shelter benefits since 1982). Cuts were made to furniture and appliances allowances and to the child recreation benefit, but the latter was made more widely available than it had been before the reform.

In contrast to the other welfare policy elements, Alberta’s benefit levels after the 1993 reforms reflect a residual rather than a market-enforcement model of welfare provision. Residual models aim to provide only a minimal level of social protection to recipients and are based upon the principal of less eligibility which states that no one should be financially better off on assistance than working at the lowest market wage. One of the central tenets of Alberta’s 1993 reforms was a dramatic reduction in welfare rates to ensure that “those on social assistance received a level of support not exceeding that earned by working Albertans.” Single employable adults had their standard benefits reduced by 16.2 percent, from $470 per month to $394 per month. Benefits for childless couples were cut 16.1 percent, from $908 per month to $762 per month. Single parent families with 1 young child had their standard income package cut by 9.0 percent, falling from $842 per month to $766 per month. The standard benefits for two-parent families with 2 children diminished by 7.8 percent, from $1,308 per month to 1,206 per month. The only groups who did not have their benefits reduced were disabled recipients, who were transferred to Assured Income for the Severely Handicapped (AISH), and widows whose support comes from the Alberta Widow’s Pension.

79 Boessenkool, 4.
81 Boychuk, Patchworks of Purpose, 18.
82 Boessenkool, 6.
84 Generally disabled recipients receive benefits through the AISH program, and this category of clients received a small increase in benefit levels. Furthermore, a one time allowance of up to $1,000 called the Community Living Start Up, was made available to recipients who had been living in an institution as a
A number of other benefit changes were also made in 1993. AFSS stopped paying for rental damage deposits except in cases of family violence and eliminated furniture and appliances allowances as well as shelter benefits for welfare clients who were living with relatives. The department no longer replaces lost or stolen social assistance cheques. Moving costs, telephone expenses, laundry costs for infants as well as school fees and school transportation benefits have all been cut back. Also reduced were special food allowances for diabetics and pregnant women, the availability of emergency food vouchers, as well as coverage for prescription drugs, dental and vision care and funeral services. Recipients who file for an appeal hearing after being removed from SFI are no longer eligible for welfare benefits during the interim period. Furthermore, the department has stopped ensuring that recipients receive every benefit to which they are legally entitled; clients are now only provided non-standard benefits if they request them. These changes reflect a “new philosophy … based on requiring clients to clearly establish eligibility for any benefit received, and an assumption that welfare recipients would rather be working. The product of this new stance is that the SFI program now ‘errs on the side of not providing assistance.’”

iv. Earning Exemptions

For many recipients, their need for social assistance is not caused by unemployment but by insufficient employment income. Welfare payments for this group serve as an income supplement rather than as their primary source of income. However, working recipients are only entitled to earn a specific amount of money without having their welfare benefits reduced. This amount is determined by the program’s earnings exemptions. Any employment earnings above the value of the earning exemption are taxed back through a reduction in welfare payments. Central to the determination of earnings exemptions is a trade-off between limiting the number of people who qualify for assistance and providing sufficient incentives for welfare recipients to participate in the labour market. The higher earnings exemptions are set, the more income recipients receive. This may help combat poverty and encourage reliance on the market for security; at the same time, it may also

result of a disability or mental illness and wanted to establish a independent residence. However, some disabled individuals who care for dependants receive support through the SFI subprogram Assured Supports rather than through AISH.

85 Murphy, 117.
86 Elton et al., 21.
serve to increase the number of people claiming benefits, extend the periods of time spend on welfare and subsidise low-wage employment.\textsuperscript{87}

As with asset exemptions and benefit levels, low earnings exemptions are not a primary disincentive built into the market-enforcement welfare model to discourage welfare use. To the contrary, relatively high earnings exemption can serve the larger goals of the market-enforcement model as they serve to strengthen recipients' attachment to the labour market rather than to government assistance. However high earning exemptions are also a trademark of market-performance regimes as they are a positive incentive toward labour market participation rather than a disincentive towards reliance on social assistance.

Since the late 1980s, Alberta earnings exemptions have been relatively high in comparison to other Canadian provinces. The exemption was a graduated scheme whereby recipients could keep 100 percent of the first $115, 50 percent of the next $85, 25 percent of the next $100 and 10 percent on any further income. After 1993, the earning exemption was reformed into a flat rate plus a percentage through which recipients are entitled to keep 100 percent of the first $115 of their wages, plus 25 percent of earnings above this.\textsuperscript{88} The Alberta government heralded the new earnings exemption as an encouragement to recipients to participate in the labour force and it did result in a small income increase for recipients working full time, low wage jobs. But the new rules, which still left minimum wage workers with a marginal salary of $1.25 per hour before deductions, did not result in more available income for most recipients due to their reliance on part time work.\textsuperscript{89}

\textbf{v. Employment and Training Programs}

Perhaps the most important policy element for social assistance programs aimed at encouraging recipients to rely on the labour market rather than the government is employment and training programs. These initiatives work to strengthen recipients' attachment to the labour market by providing them with education, skills and experience necessary in order to become self-supporting in the future. Depending upon whether participation is voluntary or mandatory, employment and training programs can be intended either as an incentive to entering the labour market or a disincentive to social assistance usage. Voluntary employment and training programs tend to reinforce a positive understanding of recipients' circumstances. They suggest that recipients have skills that can be developed and potential to become self-supporting contributors to their communities;

\textsuperscript{87} Boychuk, \textit{Patchworks of Purpose}. 17.
\textsuperscript{88} National Council of Welfare, \textit{Another Look at Welfare Reform}. 86.
\textsuperscript{89} Murphy, 116.
they also imply that welfare recipients are able to make good decisions for themselves when presented with opportunities. Mandatory programs tend to reinforce negative stereotypes about welfare recipients both in the public and in the recipients themselves; these programs imply that recipients are lazy, irresponsible, and unable to recognise valuable opportunities when they arise. When participation is voluntary, policymakers must make a trade off between making the programs beneficial to recipients and making the programs so attractive as to entice new applicants in search of employment skills. When participation is mandatory participation, policymakers must find a balance between making the employment and training programs sufficiently stigmatising to discourage people from applying for welfare without reinforcing negative stereotypes to such a degree as to create social and psychological barriers to labour market re-entry.90

Prior to the 1990s, employment and training programs were not a central part of Alberta’s welfare system. However, the programs that were implemented have tended to require mandatory participation. This is in keeping with the market-enforcement model which utilises the stigmatisation associated with mandatory employment and training programs as a deterrent to social assistance use. In 1982, a program entitled the Community Self-Help Project was established in Taber, requiring recipients to work with disabled and elderly people in their communities in exchange for their welfare cheques.91 In 1990, the AFSS renewed its focus on employment requirements and began requiring employable recipients to create and follow self improvement plans in exchange for counselling, training and slightly higher benefits.

In contrast to the 1980s and early 1990s, labour market initiatives were among the most important of the reforms adopted by Alberta after 1993. Employable income assistance recipients are now required to draw up a detailed employment plan outlining their past education and work experiences, any barriers they have to re-entering the labour market and concrete steps that they can follow to facilitate a return to the work force.92 AFSS client support service workers, aided by the recipients’ employment plans, identify the appropriate programs to help employable recipients leave SFI. All new welfare applicants are required to utilise these services and, once enrolled in these programs, they must participate fully in

90 Boychuk, Patchworks of Purpose. 17.
91 Maria Cetnar and Jane Haddad. “Recent Changes in Welfare Policy in Selected Canadian Provinces.” Occasional Papers in Social Policy Analysis. No 9. (Toronto: Department of Sociology in Education, Ontario Institute for Studies in Education, 1985) 11. Opposition to participation requirements from social workers, unions, the provincial NDP and an independent study prevented the program from spreading across the province, as was originally intended, and eventually convinced the government to make the program voluntary.
92 Elton et al., 22.
order to maintain benefits; recipients who drop out of the programs are generally made ineligible for further assistance.\textsuperscript{93}

AFSS entered into a partnership agreement with the Alberta Department of Advanced Education and Career Development (AECD) in order to co-ordinate their work and training programs. AFSS and AECD jointly provide a number of employment preparation programs to employable welfare recipients. Job ready recipients are offered job placement and on-the-job-training in order to help them establish skills and work experience. Those needing more assistance before entering the labour force are enrolled in one of two programs: the first is the Employment Alternatives Program, which offers job specific skills training, supplemental work experience, career counselling as well as life management skills training and academic upgrading; the second is the Integrated Training Program, which provides hands on skills training, assisted job searches, self-esteem improvement initiatives and joint program-employer supports once employed.\textsuperscript{94}

Employable recipients needing further education have been transferred to the Student Finance Board. Through this initiative, recipients enter programs to improve their basic skills, such as academic upgrading, literacy training, and English as a second language training, or gain further training at technical institutions, colleges and universities. The Student Finance Board provides grants of up to $6,000 to individuals who are upgrading their education, and further funding is available through the student loan program. Welfare recipients who return to school through the Student Finance Board are no longer eligible for SFI but pay their tuition and living expenses through these grants and loans.

AFSS, AECD and Human Resource Development Canada (HRDC) have also developed a “single window” approach to service delivery through which urban welfare recipients can access all the employment, training and income support resources offered by the provincial and federal governments through the same office. Alberta-Canada Services centres have been opened in Edmonton, Calgary and Lethbridge. Another joint federal-provincial initiative is the Integrated Training Centres for Youth which have been established in Lethbridge, Red Deer and Edmonton. This program aims to provide job skills, life management skills and on-the-job training opportunities to high school drop-outs aged 16 to 20 in risk of long-term welfare dependency.\textsuperscript{95}

Alberta Family and Social Services also developed a number of work experience programs on its own. The first of these, entitled Alberta Community Employment, enables

\textsuperscript{93} Murphy, 114.
\textsuperscript{94} Elton et al., 26.
welfare recipients to move into work projects developed by non-profit societies, municipalities, social agencies, hospitals, health units, Indian Bands and schools. A second program is the Alberta Jobs Corps, through which long-term welfare recipients participate in projects developed by local communities, non-profit groups and businesses. This program combines life skills and work skills training with labouring jobs in local communities and forestry regions.\textsuperscript{96} The third initiative is the Employment Skills Program which provides work opportunities in provincial government departments and agencies. Each of these programs lasts a maximum of 6 months. Once enrolled, participants are no longer considered part of the welfare caseload as their earnings exceed SFI benefit levels; families who have only 1 participant in a program are eligible for a top-up to bring their income up to the level of regular SFI benefits.

\textit{vi. Transition Supports}

Transition supports are the continuation of cash or in-kind benefits for a period of time after a recipient has left social assistance and found gainful employment. These benefits tip the cost-benefit scale between work and welfare in favour of work by ensuring that recipients do not lose benefits such child care subsidies when they enter the labour force. Transition supports turn the concept of less eligibility on its head by ensuring that recipients who take entry level jobs will not be financially worse off than they were while on welfare.

The market-performance model is only one of the welfare regimes in which “employment incentives may be enhanced by … allowing extension of in-kind benefits to recipients leaving assistance for employment.”\textsuperscript{97} For this reason, all of Alberta’s transition benefits must be seen as reflecting the market-performance model. However, transition supports have never been a pivotal component of Alberta’s social assistance program. Since 1990, recipients who were working or attending school received an additional participation benefits package aimed at offsetting costs of participation, such as child care and additional transportation expenses. Other benefits which the AFSS provides to recipients entering the work force include subsidised child care for low-income families, up to $300 a year to cover job-related expenses such as work clothing, equipment and transportation and a moving benefit to assist recipients relocating on account of confirmed

\textsuperscript{96} Murphy, 112.
\textsuperscript{97} Boychuk, \textit{Patchworks of Purpose}, 20.
employment. There were no major new transition support initiatives included in the 1993 reforms.

vii. Verification and Control Measures

The final welfare policy element is verification and control measures, which are intended to ensure that recipients meet all of the eligibility requirements and are not abusing the system. Verification and control initiatives are the primary way that provincial governments prevent public concerns about welfare fraud from undermining support for the social assistance system. They also serve to control the costs of welfare provision by working to ensure that only those who qualify for assistance receive benefits. Finally, verification and control measures can serve as a way in which to stigmatise recipients. On one hand, stigmatisation reinforces negative stereotypes about welfare recipients and thus can actually create a barrier for recipients trying to regain their independence. On the other hand, policymakers may intentionally increase the stigmatisation of recipients in attempts to reduce the number of people willing to apply for social assistance in the first place.

Market-enforcement regimes tend to use extensive verification and control measures as sanctions aimed at both stigmatising current welfare recipients and discouraging potential recipients from applying for support. The importance of verification and control measures in Alberta have been on the increase since the late 1980s when the AFSS began a crack down on fraud and administrative errors. In 1990, the department hired more staff in order to monitor recipients’ circumstances, adjust their assistance benefits as appropriate and to complete random verification reviews of client cases. It also implemented a new computer system specifically designed to track clients, increase administration efficiency, prevent payment errors and identify cases of fraud and abuse.

After the 1993 reforms, the province began to impose penalties, ranging from reductions in benefits to removal from the caseload, for not following the new policies or not complying with the demands of their caseworkers. Refusal to accept or abandonment of employment, lateness for appointments, failing to file prescribed paperwork or missing training programs have all become grounds for sanction. Finally, fraud and eligibility reviews have become even more prominent under the new Alberta welfare policy. AFSS review officers and fraud team conduct follow-up checks of new clients to verify eligibility,

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98 Gorlick et al., 202.
99 Boychuk, Patchworks of Purpose, 17
100 Alberta Family and Social Services, A Chronology, 1.
101 Murphy, 124.
review complaints of fraud and misuse as well as randomly check files and conduct home visits to confirm eligibility and benefits levels.\textsuperscript{102} Finally, a series of intergovernmental agreements were signed with British Columbia, Saskatchewan, Manitoba and HRDC in order to identify welfare recipients collecting benefits in more than one jurisdiction.

**B. Consequences of Reform**

While the changes to the various policy elements reflect the influence of a number of models of welfare provision, on balance, social assistance in Alberta after the 1993 reforms most closely approximates a market-enforcement model. There are a number of policy outcomes, or consequences, that stem from adopting a welfare regime with the primary goal of using stigmatisation and sanction to encourage reliance on the market rather than government assistance. For the government, the anticipated consequences of successfully implementing a market-enforcement regime include a reduction in the welfare caseload and its associated costs; there are also possible political costs or gains to the government as a result of having implemented this type of welfare reform. For former and current welfare recipients, the predicted consequences of the transformation to a market-enforcement regime include increased labour market participation and an increased sense of stigma on account of their reliance on the social assistance system. Current recipients also face an increase in financial hardship as a consequence of the government’s having supplemented the disincentives to welfare use in the market-enforcement model with a residual model of benefit levels.

**i. Government**

Jonathon Murphy points out that "[i]f the role of welfare administration is to get people off assistance and save taxpayers money, then welfare reform has indeed been a huge success."\textsuperscript{103} Between March 1993 and September 1997, the Alberta caseload dropped 63 percent falling from 94,000 cases to 35,000 cases. Of these, approximately 27,000 cases were eliminated on account of the eligibility review, fraud team and error detection, correction and improvement initiatives.\textsuperscript{104} Another 2,000 cases were transferred...

\textsuperscript{102} Boessenkool, 6.
\textsuperscript{103} Murphy, 120.
\textsuperscript{104} It should be kept in mind that in each year the number of fraud charges laid are very small. For example the number of fraud charges laid were 542, or 0.5\% of the total caseload. Over 18,000 of the 27,000 cases dropped in this period were due to district offices tightening up their application of SFI rules.
to the AISH program. In the first three years after the reforms, over 35,000 SFI recipients were either moved into the education and training programs jointly offered by AECD and AFSS or transferred to the Student Finance Board; after 6 months, 58 percent of these participants were no longer collecting social assistance. Another 12,000 former recipients participated in the Alberta Community Employment Program, the Alberta Jobs Corps and the Employment Skills Program. Although between 10 and 11 percent of the participants in each of these programs remained on the SFI caseload in order to receive earnings supplements, 68 percent of ACE participants, 74 percent of AJC clients and 70 percent of ESP participants are no longer dependent upon the welfare system. In total, the number of employable SFI recipients fell 55.7 percent between 1993 and 1996. At the same time, the number of people in the unemployable categories grew by 21.8 percent; this growth suggests that a number of former SFI recipients were reassessed on account of the reforms and transferred into the ASIH and Assured Support programs.

According to Boessenkool, in a C.D. Howe report entitled Back to Work: Learning from the Alberta Welfare Experiment, the drop in the SFI caseload was relatively demographically specific. 44 percent of the total reductions were cases of single individuals; another 24 percent of the decline were single parent cases. Over 70 percent of the total decline were cases of clients under the age of 35. From this, Boessenkool comes to the “unambiguous conclusion is that the changes in Alberta prevented the young from gaining access to welfare.”

Another interesting insight of this report was that “only a small portion of the decrease in the Alberta welfare caseload can be credited to moving existing cases off the rolls. The significant reduction came from a sharp decrease in individuals who were applying for welfare for the first time.” All welfare systems have large monthly turnovers among recipients, however Alberta managed to use this cycle in order to reduce its caseloads: specifically, through its reforms, it made leaving the system easier and coming on to SFI much more difficult. The number of opened cases, both new and repeat, declined

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105 National Council of Welfare, Another Look at Welfare Reform, 84.
106 Alberta Family and Social Services, Alberta Welfare Reform, 6 - 7.
Murphy notes that these government figures suggest far higher success rates than achieved in any other job-training program in North America. He accounts for this by suggesting that “[t]he difference is, of course that Alberta judges its reforms ‘successful’ as long as program recipients do not return to welfare. It is very much a moot point whether recipients remain off assistance because of the skills and contacts gained through these programs, or simply because the welfare department makes it very hard to requalify for assistance after going through a program.” Murphy, 114.
107 Alberta Family and Social Services, Alberta Welfare Reform, 2.
108 Boessenkool, 12.
109 Boessenkool, 11.
dramatically between 1992 and 1996, falling from 37,000 per quarter to approximately 20,000 per quarter. More telling is that the number of new cases on SFI fell from 18 percent of the caseload in 1992 to 7 percent in 1996 while the number of reopened cases rose slightly; this further indicates the importance in preventing new cases from joining the SFI in accounting for the drastic decrease in the Alberta caseload. Boessenkool suggests that the change in Alberta’s administrative culture, specifically making it more difficult to receive welfare and subsequent emphasis on fraud and eligibility reviews, were responsible for 9/10 of the decline in welfare use while the benefits reductions and changes in the employment picture explain only about 1/10 of the reduction.\textsuperscript{110} This is corroborated by the fact that complaints of welfare fraud fell by 23 percent between 1993 and 1996, and that Alberta now has the lowest uptake and re-entry level of any of welfare system in Canada.

The profound decline in welfare caseloads in Alberta has been accompanied by dramatic financial savings to the provincial government. Over three years, the total AFSS departmental budget fell 21.4 percent, from $1,722.3 million to $1,353.4 million. Alberta also decreased its share of the federal transfers under CAP by nearly $200 million. The reduction in welfare costs came primarily from single employables, the budget for which fell by more than $400 million or 45 percent, more that double that of the department as a whole.\textsuperscript{111} This reflects both the fact that fewer employables are collecting SFI and that the monthly cost per welfare case has fallen from $810 in 1992 to $734 in 1995/96. Remaining AFSS funds have been redirected from income support to other department projects. Between 1993 and 1996, $110 million was directed to AECD to help supported their shared employment enhancement initiatives and the Student Finance Board. Another $160 million dollars were transferred to AISH, Services to Children and Families, Services for Persons with Disabilities, and AFSS Employment and Training initiatives.\textsuperscript{112} AFSS has also saved considerable amounts of money through its fraud and error detection initiatives. In 1995/96 alone $6.8 million was recovered by fraud prevention and an estimated $875,000 was saved by the error detection, correction and improvement program; in 1994/95 AFSS recovered $11.9 million through child maintenance order and agreements. Furthermore, over $600,000 in overpayments have been identified since the province signed the interprovincial information sharing agreements.\textsuperscript{113}

The 1993 reforms have clearly resulted in the policy outcomes predicted from a successful implementation of a market-enforcement model of welfare provision. However,
one consequence of the reforms that can not be predicted based upon the model alone is the political costs or gains deriving from the reform initiative. Nevertheless, by all accounts, welfare reform has been also been a political success for the governing Conservative Party. "Cardinal launched his first round of reforms in April 1993, two months before the provincial election. Their timing and content reflect the Klein government’s confidence that no matter how controversial their overall plans to balance the budget might be, putting work into the welfare programs would be popular."\(^{114}\) The Conservatives won the 1993 election, based on a campaign that included a commitment to continue with meaningful reform of the welfare system. In 1997, the Conservatives won again, this time based on the political slogan ‘He Kept His Word’, claiming that the Klein government met the promises they had made in 1993, including the promise to reduce welfare caseloads.\(^{115}\)

These election victories appear to indicate that the reforms did not cause serious concern amongst the majority of voters. They also do not necessarily reflect the satisfaction of those who have been affected by welfare reform, most of whom are centred in Edmonton. Brian Bechtel, Executive Director of the Edmonton Social Planning Council, points out that while

> Edmonton has been a wasteland for the government politically for a long time ... [the Conservative Party’s] strength is in rural Alberta. Poverty is not an ever-present issue in rural Alberta because it’s not as visible. There is the perception that it is an urban problem and therefore not key to them politically.\(^{116}\)

However, linking welfare receipt to work requirement is politically popular throughout Alberta, not just among rural constituents; a recent study reported that 88.3 percent of the general population and 90 percent of former and current welfare recipients agree with the statement that ‘if they are able to work, people on welfare should work for their benefits.’\(^{117}\) Bechtel argues that overall the Conservatives “count this whole thing as a success ... Premier Klein has said that ‘Albertans are not telling me that they are concerned’ and I think he is probably right.”\(^{118}\)

Welfare reform following the market-enforcement model has thus on all counts, caseloads, costs and politics, resulted in positive policy outcomes from the Albertan government’s perspective.

\(^{114}\) Murphy, 112.
\(^{116}\) Brian Bechtel, Executive Director of the Edmonton Social Planning Council, interview, 31 May 1999.
\(^{117}\) Elton et al., 54.
\(^{118}\) Brian Bechtel, Executive Director of the Edmonton Social Planning Council, interview, 31 May 1999.
ii. Social Assistance Community

The 1993 welfare reforms in Alberta have also resulted in the consequences for former and current recipients prescribed by the market-enforcement model. However, in contrast to the government for whom the achievement of predicted policy outcomes constitutes a success, the consequences from the perspective of the social assistance community is much more mixed.

The reforms have functioned to increase labour market participation among former and current welfare recipients. The Canada West Foundation study Where Are They Now? Assessing the Impact of Welfare Reform on Former Recipients 1993 – 1996 reports that of thousands of recipients who have left SFI, 67.7 percent were employed, 14.8 percent were unemployed and looking for work and 17.5 percent were not in active labour market. Approximately 30 percent of those working were employed in part time jobs. Among the recipients who have returned to the social assistance caseload, 31.8 percent of returnees were working, 12.8 percent full time and 19 percent part time. Another 36 percent were unemployed and 32.2 percent were not a part of the labour force. Furthermore, the mandatory employment and training programs implemented during the reforms were reported by 45.5 percent of those off welfare and 38 percent of those back on SFI to have helped them to secure employment.

While the reforms have strengthened recipients’ ties to the labour market, this “does not mean that all former welfare recipients are faring well, or that those who live independent of income support have a good standard of living.” To the contrary, while some of these recipients are better off financially, most have transferred from welfare to the ranks of the working poor. The average monthly earnings for recipients who left income assistance is $1300 per month: while this is better than minimum wage, which translates into $700 per month for full time employment, it is significantly lower that the Alberta monthly average of $2,400. 68.2 percent of respondents off SFI reported not having enough money to meet their food and shelter needs at least once since leaving the program and 17.4 percent reported using a food bank at least once since leaving the program. Of those who have returned to welfare, 83.9 percent reported not having enough money to meet their food and shelter needs at least once and 52.1 percent have used a food bank since they returned the program. These statistics clearly reinforces the fact that the market-enforcement model is not primarily motivated to eradicate poverty among welfare recipients.

119 Elton et al., 86.
This model identifies the market as the preferred source of financial security for individuals and families, but it does not address the question of whether the market will provide recipients with reasonable resources with which to meet their basic needs.

It is difficult to measure the way in which the welfare reforms have affected the level of stigma felt by former and current recipients. Stigma in all welfare models functions as a motivation to both refuse to apply for assistance despite serious financial need and to leave welfare to find support within the market or the family. However, stigmatisation and sanctions are the primary mechanisms of the market-enforcement model with which to reduce welfare usage. While it is not clear that the level of stigma felt by recipients has increased since the 1993 reforms, it is certain that there is a great deal of stigma associated with welfare use in Alberta. This is alluded to by the fact that “[f]or both those off and back on SFI, being on welfare is rated substantially lower than not being on welfare.”

Recipients are also acutely aware of the widespread social disapproval of welfare dependency; this does little to help them regain their self-sufficiency and nothing to combat their poverty.

Finally, as Alberta has bolstered the disincentives to welfare use already inherent in the market-enforcement model by also adopting a residual model of benefit levels, recipients who have required social assistance since the 1993 reforms face increased financial hardship. According to an Edmonton Food Bank study, entitled *Two Paycheques Away: Social Policy and Hunger in Edmonton*,

> [q]uite clearly benefit levels are too low ... SFI clients are not receiving enough money to meet the very basic necessities of life. Food is usually the first item to be cut, and so many SFI recipients land on the door of the Food Bank. Also housing quality and quality of life is seriously reduced. There even appears to be an explicit acknowledgement by SFI social workers that benefit levels are not adequate. 35.4% of respondents said that their social worker had referred them to the food bank. Over one-third of SFI recipients at the food bank have been told to go there by the department whose responsibility it is to meet their basic needs ... This study has established SFI benefit levels are placing many of their clients at considerable long term health and safety risks. This is most certainly an unintended consequence of government policy, but it is the result of policy nevertheless.

The survey indicates that in any given month, 20 percent of SFI recipients in Edmonton need to use the Food Bank; over the course a year, up to 50 percent of SFI clients require a Food Bank hamper. The report’s conclusions are collaborated by Dr. Joan Horton,

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120 Elton et al., 51.
president of the Alberta Family Physicians, who reported to the legislature that “Alberta’s poorest people were suffering from malnutrition and that the social assistance cuts were causing health problems for recipients.” Furthermore, the Edmonton Food Bank study suggests that the ends and means of welfare reform in Alberta are contradictory. In aiming to make people desperate enough to enter the labour market, the reduced benefits have taken away the means with which to successfully find a job; recipients “have to go without telephones and cut back on transportation and clothing. These are items which are essential to finding employment and becoming independent once again.”

The conclusion must be that the Albertan welfare reforms have had mixed results for the social assistance community. While the policy goals of the market-enforcement and, in the case of benefit levels, the residual models have been achieved, this success is tempered by the fact that only a few of Alberta’s former and current recipients are financially better off than before the reforms. The mixed consequences of the welfare reforms are clearly expressed by Bechtel when he claims:

some people will have gone into the labour market, learned new skills, done better, maybe received a student loan. There were lots of good things that happened as a part of the reforms including improved access to student loans, education and training programs. Some people have definitely done well by that … Any kind of welfare-to-work program has a certain amount of carrot and stick. Alberta just used a very heavy stick and not a lot of carrot. They could have done more, pushed less harshly, offered more positive inducements – and probably have done even better.

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122 Dr. Horton quoted in Murphy, 122.
123 Edmonton Social Planning Council et al., 57.
In 1996, British Columbia also reformed its social assistance policy. As in Alberta, this process required reassessing the policy’s overarching goals and transforming the various policy elements to reflect the policy’s new orientation. This chapter reviews the changes made to BC’s policy elements and the consequences of these initiatives.

A. Welfare Reform

According to Boychuk, British Columbia’s social assistance policy transformed from a conservative model of welfare provision in the 1970s to a market-performance model in the 1990s.\(^\text{125}\) This implies that the primary goal of BC’s current welfare policy is to encourage recipients to rely on the market rather than the government or the family for financial support and that the principal instrument for achieving this goal is the provision of positive incentives to labour market participation. While there have been a number of changes in policy direction throughout the 1990s, the 1996 reforms created a system which most closely approximates the market-performance model of welfare provision.

Between 1989 and 1996, social assistance in BC was delivered by the Ministry of Social Services through the Programs for Independence. Programs for Independence divided recipients into two categories based upon their employability. The first of these, entitled Temporary Assistance, provided benefits to individuals and families able to return to the labour market within a short period of time. The second, Income Assurance, provided long-term support to disabled and elderly recipients.\(^\text{126}\) The legislative foundation for welfare during this period was the Guaranteed Available Income for Need (GAIN) Act.

In 1991, the New Democratic Party was elected and several changes were made to the social assistance program in the following years. Between 1991 and 1994 Joan Smallwood served as the Minister of Social Services and under her direction BC’s welfare system became increasingly generous. During this period, it appeared as if British Columbia might be moving towards a redistributive model of welfare provision. However, in 1994, Joy MacPhail replaced Smallwood as the Minister of Social Services and the direction of BC’s social assistance policy changed dramatically. Initially, these changes focused on the implementation of cost cutting and fraud detection measures; but within a year the province was undertaking its first step toward significant welfare reform.

\(^{125}\) Boychuk, *Patchworks of Purpose*, 59.
In late 1995, BC established a residency requirement for all welfare applicants. This initiative required all applicants to have lived in the province for 3 months in order to qualify for benefits. While the establishment of a residency requirement was strictly prohibited by CAP, and later by the CHST, BC argued that the policy was a necessity given the federal government’s dwindling financial contribution to its social assistance system and heavy migration into the province. MacPhail recalls that

"we worked ... with the federal government to try and avoid that situation but it was unbelievable the way that they rejected British Columbia’s plea that a poor person who lives in Vancouver be treated the same as a poor person in Regina or Quebec City ... I was shocked at Ottawa’s complete rejection of fairness in that area, even as their financial situation was improving. It was unbearable for British Columbian taxpayers to have to pay for that whole responsibility."

In response to the residency requirement, the federal government cut $47 million from BC’s transfer payment; BC replied to this action with a $47 million lawsuit. The dispute was finally settled out of court in March of 1997 when the federal government agreed to provide $67 million over 3 years to the province for immigration settlement costs and BC dropped the residency requirement.

More lasting reforms came in 1996 when GAIN was replaced by BC Benefits. BC Benefits established two new assistance programs, Youth Works and Welfare to Work, and two new income supplementation programs, the BC Family Bonus and Healthy Kids. In the fall of 1996, the Ministry of Social Services was separated into two separate ministries: the Ministry of Human Resources (MHR), responsible for the delivery of income assistance, and the Ministry of Children and Family, responsible for child welfare and other family services.

BC Benefits reoriented British Columbia’s social assistance policy such that it most closely approximates a market-performance model; the objective of the system is to provide “a hand-up to jobs rather than a hand out to welfare dependency.” The various welfare policy elements have thus been remodelled to both reduce the number of recipients claiming

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127 Families with children deemed to be suffering unduly because of the policy were made eligible for hardship assistance (grants to individuals/families in need outside of the welfare system).
128 Joy MacPhail, former Minister of Social Services, interview, 10 June 1999.
129 The separation was in response to the Gove Inquiry, which was an examination of BC’s child protection policies initiated after the death of a child known to be at risk by the Ministry of Social Services. In July 1999, MHR was replaced by the Ministry of Social Development and Economic Security.
benefits and provide positive incentives for recipients to choose labour market participation over reliance on social assistance.

i. Eligibility Requirements

The underlying value behind eligibility requirements is the conception of deservedness built into each of the welfare regime models. In a market-performance model, individuals and families who have not succeeded in meeting their basic needs through participation in the labour market are perceived as deserving of assistance. Nevertheless, applicants considered able to return to the labour market are expected to actively work towards this goal as a condition of their eligibility.

British Columbia’s eligibility requirements after the 1996 reforms reflect the importance of linking social assistance to active labour market measures prescribed under the market-performance model. All applicants for BC Benefits must attend an orientation session at which time employable recipients are required to register with an employment service. Employable applicants between the ages of 25 and 64 who pass the need test are eligible for assistance through the Welfare to Work program; employable applicants between the ages of 19 and 24 are transferred into the Youth Works program. In order to be eligible for benefits all employable applicants must agree to participate in a “three-phase employability process” consisting of an independent job search, an assisted job search and employment and training programs. Single parents in both Welfare to Work and Youth Works are encouraged to participate in employment programs but are not required to do so under their youngest child reaches age 7. Individuals entitled to child or spousal maintenance orders must sign these over to the government in order to maintain eligibility. Disabled recipients are eligible for assistance through the Disability Program Benefits Act and may participate in the employment and training initiatives under either Youth Works or Welfare to Work. Children under the age of 19 are eligible for social assistance if efforts to encourage parents/guardians to support them are unsuccessful; seniors over the age of 65 who are in financial need and not receiving a federal pension are eligible for social assistance without employment requirements. Individuals with outstanding warrants are not eligible for assistance and applicants who have quit their jobs are ineligible for assistance for one month.

131 National Council of Welfare, Another Look at Welfare Reform, 98.
ii. Asset Exemptions

BC asset exemptions have fluctuated dramatically in recent years. From the late 1980s to 1991, the exemptions were relatively low and reflected a strong distinction between deserving and undeserving recipients associated with a conservative model of welfare provision. In 1991, the liquid asset exemptions were reorganised and raised to the maximums allowable under CAP. At this time, the cash exemptions for single employables were raised from $160 to $2,500 and from $1,500 to $5,000 for families; unemployable singles had their exemptions raised from $500 to $2,500 and single parents with one child saw their exemptions increased from $1,500 to $5,000. The exemptions for disabled recipients increased from $2,500 to $3,000. These sharp increases in assets exemptions create the impression that BC was making steps towards a redistributive model of social assistance, aiming to make welfare a reasonable alternative to dependence on the family or market.

Four years later, asset exemptions were reduced significantly. While the exemptions were not brought to their pre 1991 levels, they certainly reflected the desire to increase recipients’ reliance on other social institutions than the government for financial support. Singles, both employable and unemployable, had their asset exemptions reduced to $500 and childless couples’ exemptions were dropped to $1000. The exemptions for families with children and disabled recipients were not reduced. Overall, these revised asset exemptions reflect the goals of the market-performance model which requires that exemptions be high enough to ensure that recipients who leave welfare for employment have sufficient resources to make this transition successfully. However, BC is clearly much more generous to families with children and disabled recipients than to recipients without children, irrespective of their employability; this reflects an embedded notion of deservedness which recognises parents and the disabled as more worthy of state support than able bodied individuals or couples without dependants. The only change to the asset exemptions implemented by the 1996 reforms was to permit disabled recipients to maintain a non-discretionary trust fund of up to $100,000 and remain eligible for benefits.

iii. Benefit Levels

Benefit levels are not central to the market-performance model, which uses positive incentives rather than low benefit levels to encourage recipients to rely on the labour market.

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133 National Council of Welfare, Another Look At Welfare Reform, 95
rather than the state. However, in the market-performance model, when differential benefit
are provided they are higher for participants in employment and training programs than for
non participants; in the extreme benefits can be denied to non participants or provided either
at a very low level or in a stigmatising manner.\textsuperscript{134} Interestingly, British Columbia in the
early 1980s took the exact opposite approach to that prescribed by the market-performance
model. Beginning in 1980, families headed by employable recipients had their benefits
reduced. However, throughout the rest of the decade, BC welfare rates became increasingly
generous in comparison to the other provinces.

In 1989, benefit levels were increased an average of 7 percent higher than the
estimated rate of inflation.\textsuperscript{135} Basic social assistance payments were further increased in
1992, 1993 and 1994 (shelter benefits were frozen at 1992 rates) and funds for children’s
school start up costs were increased in 1991.\textsuperscript{136} Once again the yearly increases in BC
welfare rates in the early part of the decade seemed to indicate that the province was working
towards a redistributive social assistance regime. However, changes beginning in 1994
reversed this trend. After this date, the province refused to replace lost/stolen welfare
cheques and required that hardship benefits be paid back upon improvement of financial
circumstances. The Ministry of Social Services also reduced recipients’ level of medical
coverage for therapies, medical transportation and diet supplements (save for special diets
and infants).

The implementation of BC Benefits in 1996 brought a significant reduction in
welfare benefit levels for employable singles and childless couples in the Youth Works and
Welfare to Work programs. The assistance rates for single individuals dropped 8.4 percent
from $546 per month to $500; the welfare benefits for couples without dependants was cut
10.2 percent from $903 per month to $811 per month. Benefits were also reduced from
$595 to $550 per month for people temporarily unable to work due to drug or alcohol
dependency. Welfare rates did not change for families with children or disabled
recipients.\textsuperscript{137} As with the 1995 changes to the asset exemptions, the uneven reductions in
benefit levels reflect the belief that parents and the disabled are more deserving of assistance
than are people without children. Even after the reduction in benefit levels, BC’s welfare
payments are among the highest in the country. This is best understood, however, as a
result of the falling welfare rates in most provinces rather than the generosity of the BC

\textsuperscript{134} Boychuk, \textit{Patchworks of Purpose}. 20.
\textsuperscript{135} Michael Goldberg. \textit{Closing the Gap: A Comparison Between the Costs of Daily Living and Income
Assistance Rates (GAIN) in British Columbia}. (Vancouver: Social Planning and Research Council of BC,
1990) 2.
\textsuperscript{136} National Council of Welfare. \textit{Another Look at Welfare Reform}. 92.
system. BC's reduced rates for singles and childless couples have reoriented the benefit levels to reflect a residual model of welfare provision, providing a minimum of social protection for welfare recipients.

**iv. Earning Exemptions**

One of the primary strategies adopted by market-performance welfare regimes is high earnings exemptions. The higher the amount of money that recipients are eligible to earn without losing their benefits, the greater the incentive to gain work experience, build links with employers and improve their standard of living through labour market participation. British Columbia has reflected the market-performance model since the mid 1980s, when it started allowing higher earning exemptions for clients deemed to be progressing toward self-sufficiency. In 1991, BC doubled the flat rate earning exemptions for working recipients, enabling single employables to keep $100 a month and disabled singles and employable families to keep $200 a month. Further, recipients were eligible to keep 25 percent of their net earnings over and above the flat rate.

In 1996, the flat rate portion of the earnings exemption was eliminated and employed recipients were permitted to keep only 25 percent of earned income, beginning after 3 months of receipt of benefits and only for 12 months in any 36 month period. The remainder of recipients' earned income is taxed back through equivalent reductions in their welfare payments. These changes reflect the abandonment of the market-performance model and the adoption of a residual model for this policy element. In direct contrast to most of BC's other reforms, the earning exemptions no longer provide a significant incentive for welfare recipients to participate in the labour market. Furthermore, British Columbia is the only Canadian province that currently imposes a time limit on earning exemptions for all categories of recipients.

**v. Employment and Training Programs**

Employment and training programs are the primary mechanism with which to give recipients the means to succeed in the labour market. Under the market-performance model,

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participation can be either voluntary or compulsory but the programs must be accompanied by significant incentives to participation and not be designed to stigmatise recipients.\footnote{Boychuk, Patchworks of Purpose, 20.}

British Columbia has reflected a market-enforcement model of employment and training programs since the mid-1980s when a number of voluntary programs emerged from the 1986 ‘four corners’ agreements with the federal government.\footnote{British Columbia, Ministry of Social Services, Research, Evaluation and Statistics Branch. Routes to Independence: The Effectiveness of Employment and Training Programs for Income Assistance Recipients in British Columbia. (Victoria: Government of British Columbia, 1992) viii.} The Employment Opportunity Program provided recipients with on-the-job training through wage subsidies to employers; the Community Tourism Employment Training Program, the Environment Youth Corps, and the Forest Enhancement Program provided on-the-job training in public projects. Classroom training was available for recipients wanting to take adult basic education, career technical, vocational, and academic courses. Job search assistance was provided through the Job Action program. Approximately 13 percent of welfare cases contained an individual participating in one of these programs.\footnote{British Columbia et al., Routes to Independence, viii.} The Ministry of Social Services continued to operate employment and training programs into the 1990s and in 1992 entered a joint venture with the federal government called the Self Sufficiency Project. The project was established to test the effect of generous, time limited earnings supplements to employed single parents in hopes of overcoming the low wage barrier to work. Between 1992 and 1994, over 2,100 single parents enrolled in the program.\footnote{Wendy Bancroft and Sheila Currie Vernon. The Struggle for Self-Sufficiency: Participants in the Self-Sufficiency Project Talk about Work, Welfare and their Futures. (Vancouver: Social Research and Demonstration Corporation, 1995) 3.} Another project available to social assistance recipients was the Community Volunteer Program, which provided unemployable and disabled recipients $100 a month in exchange for a minimum of 10 hours of volunteer work.\footnote{British Columbia, Ministry of Social Services. The Second Report of the Minister’s Advisory Council on Income Assistance. (Victoria: Government of British Columbia, 1995) 15.}

Since the 1996 welfare reforms employment and training programs have taken on a much greater importance within BC’s social assistance system. As already mentioned, all employable recipients between the ages of 19 and 60 who are not caring for a child under the age of 7 must participate in a three-stage process aimed at moving recipients off welfare and into the labour market.

The first phase is the Independent Job Search program, administered by the Ministry of Advanced Education, Training and Technology (MAETT). This program lasts seven months and during this time participants search independently for employment, aided
by written materials, information sessions, access to copiers, fax machines and internet
connections, and transportation assistance. Participants’ progress is tracked by a job
search report. The second phase, which begins only if recipients remain on assistance for
seven consecutive months and have not found employment, is the Assisted Job Search
program. Participants receive two months of individualised assistance in their efforts to
enter the labour market. The government provides all of the services in phase one, as well as
access to the Assessment, Counselling and Referral program, which is a joint provincial-
federal initiative, and the Workplace-Based Training program, which matches participants to
employment opportunities in the private sector and provides training credits to employers.
During this second phase, community volunteer work is also encouraged.

The final phase offers specialised training and work experience for those who have
not been successful in entering the labour market in the previous nine months. There are
four programs into which recipients are diverted. The first program is Basic Education
which enables individuals to have access to adult basic education classes, English language
training and literacy programs. A second program is Job Readiness – Community
Employment Training; this program combines job search training, counselling, personal
management skills training and work experience. Workplace-Based Training is the third
initiative through which participants receive on-the-job-training and mentored work
experience with private sector employers for a minimum of one year. The final initiative is
Post-Secondary Training through which participants who want to continue their education
are given career planning assistance and transferred onto the student loans program.

Participation in the phase three education and training programs are mandatory for
recipients in the Youth Works. Welfare to Work recipients, aged 25 to 59, are not
guaranteed access to the phase three program offerings; while these recipients are expected
to apply for access to the education, training and work experience programs, admission is
subject to availability. Thus while participation is mandatory, the coercive element in BC’s
employment and training programs is muted by the fact that not all recipients will be forced
into programs which they would rather not attend. Furthermore, the fact that the first seven
months are constituted by an independent job search also lowers the level of coercion within
the system. This is because many recipients only rely on welfare for a few months and are
not compelled to participate in the more intrusive employment and training programs.

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146 Gorlick et al., 224.
147 British Columbia, BC Benefits, 13.
148 For example, in 1994, 25 percent of the total welfare caseload in BC was made up of cases which
remained on the system between 2 and 6 months. British Columbia, Ministry of Social Services,
Research, Evaluation and Statistics Branch, A Statistical Overview of GAIN, (Victoria: Government of
Finally, the participation of Welfare to Work recipients aged 60 to 64 and disabled recipients in the various education and training programs is optional.

**vi. Transition Supports**

In a market-performance regime, labour market participation is encouraged by the extension of cash and in-kind benefits to recipients leaving welfare for work. In this way, transition supports constitute a major financial incentive to entering the labour market despite the fact that many recipients may only be able to secure part-time or entry-level jobs with low pay and few, if any, benefits.

British Columbia has used transition supports to encourage labour market participation since the 1980s when they established a policy to continue payment for one year of day care allowances and some medical and dental costs for single parents who left welfare for work. Other benefits that have been since developed to help welfare recipients make a successful transition into the work force include: a child care subsidies of up to $585 for low-income families; funds to offset the costs of moving or transportation to a confirmed job; a transition to work benefit of $150 per month for parents leaving welfare for employment; a one time work entry benefit of $200 for single parents to help with the employment start-up costs; and funds to purchases clothing needed for confirmed employment.¹⁴⁹

Two new transition benefits were established as part of BC’s 1996 reforms: the BC Family Bonus and Healthy Kids. The BC Family Bonus is a monthly income supplement to all low-income families in the province delivered through the federal child tax benefit machinery.¹⁵⁰ The maximum benefit is $103 per child per month and is available to families with annual incomes up to $18,000. Partial benefits are available to families with higher income levels. Families who are receiving income from one of the other BC Benefits programs do receive the Family Bonus, but its value is deducted from their monthly benefit levels.¹⁵¹ The aim of the Family Bonus is to correct 3 problems:

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¹⁵⁰ As of July 1998, the BC Family Bonus has been combined with the federal Child Tax Benefit to create the National Child Benefit.
i. regardless of generosity of minimum wage, it is not realistic to expect the minimum wage to compensate for family size, so families with children working for low incomes will often be in poverty

ii. families with children on welfare may be better off than those working for low incomes, which is unfair to those low income working families

iii. when families on welfare are better off than those working, this creates a barrier to people on welfare wanting to work and a disincentive for those already working.\textsuperscript{152}

Healthy Kids provides basic dental and vision care benefits to all children under 18 from low income working families who are not already covered by another insurance program. The program pays 100 percent of costs for children in families whose eligible family income (net income minus $3000 per child) is less than $11,000. For those with slightly higher incomes, 50 percent of cost medical and dental costs are covered. Dental coverage is limited to a maximum of $700 per child.\textsuperscript{153} Through the BC Family Bonus and Healthy Kids programs, BC has created a system of benefits which helps counter child poverty and its negative affects on children's health in families of the working poor at the same time as eliminating a financial disincentive for families on welfare to enter the labour market.

\textbf{vii. Verification and Control Measures}

The importance of verification and control measure to BC welfare system has varied substantially through the years. For most of the last two decades, British Columbia's verification and control measure reflected the influence of the market/family enforcement regime, stigmatising recipients in general and sanctioning recipients found to be receiving more benefits than they were entitled. To this end, the province used a fraud investigation team throughout the 1980s to ensure that recipients were not abusing the system. However, when Smallwood become the Minister in 1991, the overall importance of verification and control measures was reduced, reflecting her belief that “the ministry’s task was to serve clients, not to police welfare use.”\textsuperscript{154} This approach was abandoned in 1994 when the province once again began to increase its attention to perceived fraud and abuse. It signed data sharing agreements with other provinces and the federal government, began requiring


\textsuperscript{153} British Columbia, BC Benefits. 11

\textsuperscript{154} Boessenkool, 26.
single employables to pick up their welfare cheques in person and tightened up its enforcement of job search requirements. Further, information sharing agreements were established with other BC agencies and extra staff was hired to look for waste, fraud and abuse in the system. This renewed focus of verification and control measures continued after the 1996 reforms, at which time ‘pre-eligibility investigations’ and mandatory orientation sessions for individuals and families applying for BC Benefits for the first time were established.

**B. Consequences of Reform**

The establishment of a market-performance welfare regime, with strong residual elements, resulted in a number of consequences for the government of British Columbia and the extended social assistance community. For the government, the predicted policy outcomes were a decline in the social assistance caseload and its associated costs; the implementation of welfare reform also implied potential political costs or gains to governing party. For former recipients, the anticipated consequences stemming from the market-performance model were large numbers of people exchanging welfare payments for employment income and an increase in the financial security of low-income working families. Finally, for recipients continuing to rely on social assistance, the adoption of a residual model of benefit levels and earnings exemptions has resulted in a tangible reduction in their financial resources.

**i. Government**

British Columbia’s 1996 reforms did result in a large drop in the number of individuals and families relying on the state as the principal source of financial security. Between December 1995 and January 1999, the caseload has dropped from 216,000 to 167,000, or 23 percent. The percentage of the population that is collecting income assistance has fallen from 9.77 to 6.78. The reforms have also successfully increased the numbers of recipients participating in employment and training initiatives. In 1997/98, a total of 16,700 recipients participated in the Assisted Job Search Program, 16,500 enrolled in the Job Readiness –Community Employment Training and Basic Education programs

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and 4,500 participated in the Workplace-Based Training program. 158 71 percent of cases that have left social assistance are from the Welfare to Work category; another 26 percent of the drop came from the Youth Works program. The number of cases collecting disability benefits has increased 12 percent annually since the establishment of BC Benefits, for a total increase of 43.1 percent; this increase is in large part due to former welfare recipients being reassessed and shifted onto the disability caseload. From the perspective of the Ministry of Human Resources, these statistics suggest that the reforms have been a great success: Deputy Minister, Sharon Manson Singer claims that BC Benefits “has made a tremendous difference in peoples’ lives. It has been extremely successful in moving people from welfare to work, moving kids out of poverty ... and supporting families in need.” 159

In terms of the costs of the welfare reforms, the estimated cost of BC Benefits was $177.6 million in 1996-97 while the total savings from rate reductions and restructuring was $207.9 million. 160 An external review of the impact of BC Benefits in April 1996 estimated that the province would save between $350 and $470 million on account of the reduced caseloads, taking into account the projected $70 million that would be spent on training, job readiness and work experience programs. 161 The government also estimated that, when fully implemented, BC Family Bonus would cost $258 million annually. 162 Thus the province anticipated saving a considerable sum on social assistance benefits, but recognised that much of these savings would be redistributed to low-income British Columbians through the Family Bonus program rather than remain in the provincial coffers.

For the NDP government, the political consequences of the 1996 welfare reforms have been mixed. Interestingly, some of the most heated criticisms of BC Benefits have come from within the party and its political allies. At the 1996 BC Federation of Labour convention, a policy statement was passed “urging the province to rescind its tough new welfare rules and to restore income assistance rates and eligibility to previous levels. Supporters of the motion accused both the provincial and federal governments of abandoning the most vulnerable segment of society.” 163 At the following NDP convention, the “party’s rank and file took on the government about the 3 month welfare residency rule, the benefit cuts to single employable people and the earnings exemption changes, and they

158 Gorlick et al., 233.
159 Sharon Manson Singer, Deputy Minister, Ministry of Human Resources, interview, 9 June 1999.
160 National Council of Welfare, Another Look at Welfare Reform, 100.
162 British Columbia, BC Benefits, 10.
passed a resolution calling for a number of changes in BC Benefits package."\textsuperscript{164} However, as Michael Goldberg, Research Director of the Social Planning and Research Council of BC, points out "[t]he NDP constituency is a lot of people, only one part of which place a top priority on welfare issues. Among that group, I think the party is paying a price. For example, a number of people are no longer contributing money to the party."\textsuperscript{165} MacPhail acknowledges that this is probably one area where there has been a disagreement among some party members and government policy but the party membership did not speak with one voice on welfare reform and certainly did not react with one opinion to our reform. Many of our members were troubled by the huge increases in welfare spending and welfare rolls and did not think that was something that represented well a new, modern NDP. This was occurring during the time when everybody thought the economy was booming too. Many New Democrats were troubled by that. But we do have a group, a strong anti-poverty caucus within our party and they would have approached reform from a much different point of view, perhaps with greater support for the old system. It was discussed from both aspects in the party ... the people that wanted us to reform the welfare system are very pleased with the reform and the fact that we can have a good strong social safety net without it being on the front pages of the news everyday. Calm and no attention pleases a lot of New Democrats in this area. Our anti-poverty caucus is still concerned.\textsuperscript{166}

Despite the contention within the party, the implementation of BC Benefits did not appear to negatively affect the party in the 1996 election. In May 1996, the NDP won its second consecutive election, securing 39 seats in the legislature and 39.5\% of the popular vote. While the election was not fought on the issue of welfare reform, if we had gone into a second election with a top of mind issue amongst voters being the welfare system, we would have been in a hugely defensive position because of the early skyrocketing costs. The fact that we brought about reform eased British Columbians' minds so it was not an issue. [BC Benefits] was a political winner ... the proof is in the pudding. The poorest people in the province live in Surrey, where we increased our margins. In the seats that have the highest ratio of poor people, my riding [Vancouver-Hastings], Jenny Kwan's riding [Vancouver-Mount Pleasant] and Vancouver-Burrard, we increased our support in those areas.\textsuperscript{167}

The policy outcomes for the government resulting from the implementation of a market-performance social assistance regime have thus been predominately positive. The

\textsuperscript{164} National Council of Welfare. \textit{Another Look at Welfare Reform}. 99.
\textsuperscript{165} Michael Goldberg, Research Director, Social Planning and Research Council of BC, interview, 3 June 1999.
\textsuperscript{166} Joy MacPhail, former Minister of Social Services, interview, 10 June 1999.
\textsuperscript{167} Joy MacPhail, former Minister of Social Services, interview, 10 June 1999.
number of recipients collecting welfare has fallen, as have the costs of providing social assistance and, despite some internal discord, the government did not suffer any major political costs on account of its reform initiative.

ii. Social Assistance Community

Unfortunately, it is impossible to accurately determine the policy consequences of BC’s welfare reform on former recipients. This is due to the fact that the government has not conducted/commissioned exit surveys nor made the effort to establish the full effects of its policy change, as has been done by many other jurisdictions. An analysis has been done on the impact of the Family Bonus program, which is widely acknowledged as one of the positive outcomes of the reform, but no such study has been released looking at what has happened to former social assistance recipients without dependants. This clearly inhibits informed analysis of the policy and reflects poorly on the government’s commitment to helping people escape both poverty and welfare dependency. While presumably many if not most of recipients who have left BC’s social assistance program between 1996 and 1999 have found work, it is also likely that many continue to live without adequate means to meet their basic needs. However, the exact proportion of former recipients who have secured employment and the financial circumstances of those no longer on welfare are simply unknown.

Recipients of Healthy Kids and the BC Family Bonus, only some of whom were formerly on social assistance, are clearly better off since the introduction of BC Benefits. Through the Healthy Kids program, an estimated 145,000 children will have become entitled to dental and vision care. Another 200,000 children in 102,000 low-income working families now receive an annual benefit of up to $1,236 through the Family Bonus. Five months after the implementation of BC Benefits, *A Preliminary Analysis of the Impact of the BC Family Bonus on Poverty and on Welfare Caseloads* was released. It suggests that the “BC Family Bonus may be the most significant structural reform to welfare in Canada since the introduction of CAP in 1966.” The impact of the Bonus was determined by running a simulation which compared families’ incomes before and after the Bonus (based on Survey of Consumer Finances Data) in relation to the poverty lines (as established by the Statistics Canada’s Low Income Cut Off or LICO). The difference between the LICO and families’ incomes equals the poverty gap. The report concludes that the Family Bonus

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169 Mendelson, 1.
reduced the poverty gap among the working poor by 18.84 percent. For single parent families, the estimated reduction in poverty was 25.57 percent. Because the use of LICO as poverty measure is controversial, with many considering it to be too generous to actually measure poverty, the report also measured the gap between families' incomes and 75 percent LICO. This time the reduction in the poverty gap for all families was 28.22 percent and of 28 percent in single parent families. The impact of the Family Bonus on social assistance caseloads is more difficult to quantify. Nevertheless, the report suggests that it should prevent some families from needing to turn to welfare and help others transfer from welfare to work through the financial incentive of the Family Bonus cheque in addition to a paycheque.

Aside from the Family Bonus and Healthy Kids programs, the Social Planning and Research Council of BC felt that “[a]ll of the other changes introduced by the provincial government since our last report in 1993 adversely affect recipients of income assistance.” 170 Early evidence that the reforms were increasing the financial difficulties for British Columbians came from a coalition of food agencies which announced that demand for food hampers increased 50 percent in the first 5 months 1996. 171 In SPARC’s analysis of the 1996 reform, Widening the Gap: A Comparison Between the Costs of Daily Living and Income Assistance (BC Benefits) Rates in British Columbia, it was suggested that the reduction in the actual purchasing power for food, clothing and personal care is a major contributing factor in the increased demand at food banks. Continued low rates for the shelter portion of income assistance means that many individuals are forced to live in inadequate and unaffordable housing. Policies that eliminated the flat-rate earnings exemption, restricted access to training programs, and reduced asset levels for single adults and childless couple made life more difficult for people in need. 172

SPARC argues that the current welfare rates are insufficient to cover a reasonable cost of living for recipients. Their study compares the benefit levels available to 5 hypothetical households under BC Benefits to an estimation of the necessary costs of daily living including food, household supplies, clothing, personal care, transportation, and shelter. From this data, they suggest that social assistance covers approximately 48 percent of the cost living for a single adult, 64 percent of the costs for a single parent with one child, 52 percent of the costs of living for 2 adults, 57 percent of costs for a single parent with 2

172 Goldberg, Widening the GAP, iv.
children and 55 percent of the costs of a family of 2 adults and 2 children.\textsuperscript{173} The percentage of daily living costs covered have dropped in all categories as a result of the 1996 reforms, ranging from an 11 percent decrease for adult couples without children to a 3 percent drop for single parents with 2 children and two parent families with 2 children.\textsuperscript{174} In addition to having their benefit levels dropped substantially, employable social assistance recipients have also had their taxback rate increased: the poorest people in British Columbia have, at 75 percent, the highest marginal tax rate in the province.\textsuperscript{175} Furthermore, this rate increases to 100 percent after 12 months, ensuring that recipients receive no financial compensation for their participation in the labour market. Clearly, the 1996 reforms have significantly diminished the financial resources available to welfare recipients.

The policy outcomes for the social assistance community of the 1996 reforms are thus somewhat ambiguous. The implementation of a market-performance regime has improved the financial security of low-income working families: some former recipients are likely better off on account of the reforms and a safeguard has been put in place to prevent other families from falling into further poverty and onto the welfare roles. However, no record has been made of what has happened to former recipients. For this reason, it unclear to what degree the market-performance model has helped former recipients achieve financial independence through labour market participation and to what degree it has facilitated others to fall through the cracks of BC's social safety net. There can be no doubt however that successful implementation of a residual model of benefits levels and earnings exemptions has resulted in increased financial hardship for employable recipients without dependants continuing to require government assistance.

\textsuperscript{172} Goldberg, \textit{Widening the GAP}, iii.
\textsuperscript{175} Goldberg, \textit{Widening the Gap}, 2.
Chapter V  

**Policy Comparison**

Having examined the specific welfare reforms and their consequences in each province, the next task of this thesis is to highlight and summarise the most significant similarities and differences between Alberta’s and British Columbia’s reformed social assistance policies.

In terms of the policy reforms implemented by Alberta and British Columbia, there are a number of striking similarities. First, both provinces have adopted a residual model of benefits levels, providing minimal financial security to recipients and serving to make participation in the market relatively attractive in comparison to reliance on government assistance.\(^{176}\) Accordingly, both provinces significantly reduced the level of benefits provided to employable recipients. Single employables’ benefits were dropped 16.2 percent in Alberta and 8.4 percent in BC; rates for couples without dependants were reduced 16.1 percent in Alberta and 10.2 percent in BC. In Alberta, welfare benefits were also decreased 9 percent for single parents and 7.8 percent for two parent families.\(^{177}\) Both provinces exempted people with disabilities from the benefit reductions. The welfare benefits of neither province are generous enough to prevent recipients from living in poverty; in 1996, Alberta’s welfare benefits covered only 31 percent of Statistic Canada’s Low Income Cut Off for single employables, 42 percent for disabled persons, 50 percent for single parents with one child and 55 percent for couples with two children. British Columbia’s benefits are only slightly higher, providing 39 percent of the LICO for single employables, 60 percent for disabled persons, 63 percent for single parents with one child and 56 percent for couples with two children.\(^{178}\)

Second, the philosophy of the welfare programs in both provinces have changed to increase the emphasis on active rather than passive assistance with the primary goal of returning recipients to the labour market. This is evidenced by the expansion of existing programs and the creation of new training and work experience initiatives. In Alberta, this was done through joint programs with the AECD as well as through the development of Alberta Jobs Corps, Alberta Community Employment Program and Employment Skills Program. British Columbia developed the Basic Education Program, Job Readiness - Community Employment Training Initiative and Workplace Training Program. Students in

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\(^{176}\) Boychuk, *Patchworks of Purpose*, 14.


both provinces were shifted off the welfare system and onto provincial student loan programs.

Although participation in the employment enhancement programs is mandatory for some categories of recipients in both jurisdictions, both provinces deny that they have adopted workfare into their social assistance programs. This claim is based upon the perception that recipients are not required to work in exchange for their welfare cheques but to participate in programs that will help them to become self sufficient in long term; this is interpreted by the governments, and many commentators, as an investment in the recipients’ future or as an entitlement rather than as a sanction. This, however, reflects an exceedingly narrow definition of workfare. Evans writes that the work-for-welfare version is only a small component of the workfare armoury. Workfare also encompasses a “variety of job-related activities that may be required as a condition of social assistance.”

The inclusion of workfare into the social assistance systems is significant because

[w]orkfare changes the nature of the welfare bargain. It does this not simply by conditioning the welfare receipt on work, as in the simplest of work requirements, but by conditioning welfare receipt on an active program of preparation for self-support. Willingness to participate in such efforts in effect becomes a test of need for public assistance.

From this perspective, both Alberta and BC have, to some extent, adopted welfare systems that use workfare as a deterrent to welfare use, as a test to identify the ‘truly needy’ and as a method to strengthen recipients future ties to labour market.

The consequences of the welfare reform initiatives in Alberta and British Columbia also reveal remarkable similarities. Both provinces experienced a dramatic drop in welfare caseloads on account of their reforms. Three years after implementing the changes, total caseloads fell by 48.2 percent in Alberta and 23 percent in British Columbia. While the number of employable recipients plummeted, disability caseloads in both provinces grew - 21.8 percent in Alberta and 39.8 percent in BC. The smaller caseloads and lower benefit levels in both provinces have resulted in a reduction in the costs of providing social assistance. Neither governing party, the Conservatives in Alberta nor the New Democrats in British Columbia, suffered electorally because of the reforms they implemented; however, welfare reform was notably more contentious within the NDP and its traditional support base than was the case for the Conservatives.

It is more difficult to compare the consequences of the reforms for those who have left the social assistance programs in Alberta and British Columbia because of the latter's failure to produce exit studies on its former recipients. Many have probably benefited from their exposure to education and training programs and have used this as a springboard back into the labour market; this has been documented in Alberta and is not an unreasonable supposition to make about British Columbian ex-recipients as well. However, rising demand at the food banks in both Alberta and BC indicate that increasing numbers of people are also living at the margins of society, with insufficient resources to feed themselves and their families. For the employable recipients who remain on income assistance in both Alberta and British Columbia, welfare reform has meant learning to get by on significantly reduced resources and accepting the imposition of various mandatory employment requirements into their daily lives. Remaining on public assistance has not guaranteed that this group is able to meet their basic needs, including their basic nutritional requirements. At the most general level, the welfare reforms in both provinces have forced recipients to increase their reliance on non-state social structures for financial support.

The crucial difference between Alberta and British Columbia's welfare reforms is the model of welfare provision which they approximate. Neither province's post-reform welfare system fits perfectly into one of Boychuk's regime types and both programs exhibit elements of a number of social assistance regimes. However, on balance, Alberta reflects a market-enforcement model while British Columbia approximates a market-performance model. Both the market-enforcement and the market-performance regimes aim to encourage welfare recipients to look to the market rather than the state as the primary source of financial security. The difference between the two models is the approach they take in order to achieve this goal: the market-enforcement model predominately relies upon stigma and sanctions against recipients as disincentives to welfare use while the market-performance model uses financial benefits as incentives to labour market participation. In essence, the two models take opposite approaches to reducing the number of individuals and families collecting government assistance. Alberta's market-enforcement orientation is evidenced by its emphasis on mandatory participation in education and training programs for employable recipients, its prohibitive eligibility requirements, and its extensive anti-fraud initiatives. In contrast, British Columbia's market-performance model is revealed by the central importance of education and training programs and the improvements it has made to its transition support programs.

The combined effect of the changes made to Alberta's welfare policy elements has been to create a system which is more severe to recipients than that created in British Columbia. Although benefits were cut in both provinces, the rates were reduced more
drastically and affected a greater proportion of recipients in Alberta than in British Columbia; Alberta cut benefits for all categories of recipients except those on the disability caseload while BC exempted single and two parent families with children as well as the disabled from benefit reductions. Eligibility was also tightened much more drastically in Alberta, moving youths under the age of majority, sponsored immigrants and seniors over the age of 60 out of the welfare system. Further, mandatory employment and training programs play a proportionately much larger role in Alberta than they do in British Columbia. Albertan recipients are required to begin participation in the province’s various employment and training programs as soon as possible. In BC, recipients must wait seven months before receiving labour market assistance. Further, places in employment and training programs are only guaranteed for recipients aged 19 through 24; the participation of older recipients in these programs is subject to availability. Finally, employability is defined more broadly in Alberta than in BC. In the former, single parents must begin participation in employment and training initiatives when their youngest child reaches 6 months of age; in the latter, parents are able to remain out of the labour market until their youngest child is 7 years old.

While British Columbia’s earnings exemptions are more stringent than in Alberta, with the former having eliminated the flat rate exemptions and imposed a time limit, for the most part financial incentives to entering the labour market play a bigger role in British Columbia than they do in Alberta. This is due to the establishment of the BC Family Bonus and Healthy Kids programs. These initiatives ensure that those who make the transition from work to welfare will be not be worse off than if they had remained on the program.182

Finally, Alberta and British Columbia have not been equally successful at moving individuals and families off welfare. As previously noted, the post-reform drop in welfare caseloads in Alberta was more than double that experienced by British Columbia. Further, a greater number of former welfare recipients have been transferred to the disability caseload in BC than was the case in Alberta. This could lead one to conclude that the market-enforcement model is more efficient at moving people off welfare into work; however,

182 It must be noted beginning in January 1997, Alberta has phased in a new tax credit for low-income working families entitled the Alberta Family Employment Tax Credit which is similar to the BC Family Bonus. This tax credit has not been included in the analysis for three reasons: (1) the initiative was implemented 4 years after welfare reforms and thus was not a factor during the period in which Alberta’s welfare caseloads dropped most dramatically; (2) the initiative was conceived of by the government as part of a budget surplus reinvestment program rather than as a central part of the welfare reform package; and (3) it is considerably less valuable than the BC Family Bonus, providing only $500 per child per year, with a maximum of $1000 per family. Nevertheless, it must be acknowledged that the credit is an incentive to labour market participation and thus constitutes a small movement towards a market-performance model.
Alberta's success is also a reflection of a boom in Alberta's economy and a much steeper decline in the unemployment rate than was experienced in BC.

**Table 1: Summary of Welfare Policy Elements for Employable Recipients in Alberta and British Columbia**

<table>
<thead>
<tr>
<th>Policy Element</th>
<th>Alberta</th>
<th>British Columbia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Available to adults in need between the ages of 18 and 60, except for sponsored immigrants. Employable recipients must participate in employment and training programs to receive benefits. Single parents must also participate once their youngest child is 6 months old.</td>
<td>Available to persons in need between the ages of 17 and 64. Recipients must engage in 7 months of independent employment search and 2 months of assisted job search in order to receive benefits. Recipients aged 19 to 24 must thereafter participate in education and training programs; adults 25 to 60 can apply to enter these programs when program space is available. Single parents must engage in this employability process as soon as their youngest child turns 7.</td>
</tr>
<tr>
<td><strong>Asset Exemptions</strong></td>
<td>• Singles $50 cash plus the equivalent of $1,450 in cash assets</td>
<td>$500 cash assets</td>
</tr>
<tr>
<td></td>
<td>• Childless Couples $250 cash plus the equivalent of $2,250 in cash assets</td>
<td>$1000 cash assets</td>
</tr>
<tr>
<td></td>
<td>• Families $250 cash plus the equivalent of $2,250 in cash assets</td>
<td>$5000 cash assets</td>
</tr>
<tr>
<td><strong>Benefit Levels</strong></td>
<td>• Singles $394</td>
<td>$500</td>
</tr>
<tr>
<td></td>
<td>• Childless Couples $756</td>
<td>$811</td>
</tr>
<tr>
<td></td>
<td>• Single Parents One Child $766</td>
<td>$982</td>
</tr>
<tr>
<td></td>
<td>• Two Parents Two Children $1,206</td>
<td>$1,239</td>
</tr>
<tr>
<td><strong>Earnings Exemptions</strong></td>
<td>100% of first $115 plus 25% remaining income</td>
<td>25% of income begins 3 months after commencing employment and lasts for a total of 12 months</td>
</tr>
</tbody>
</table>
| Employment and Training Programs | Job Placement  
Training-on-the-Job  
Employment Alternatives  
Integrated Training  
Basic Foundational Skills  
Skill Training  
Employment Skills Program  
Alberta Community Employment  
Alberta Job Corps | Basic Education  
Job Readiness – Community Employment  
Workplace Training  
Post-Secondary Training |
|---|---|
| Transition Supports | Job related expenses  
Child care subsidy  
Moving expenses | Family Bonus  
Healthy Kids  
Work Force Entry Benefit  
Transition to Work Benefit  
Work Clothes  
Work Transportation  
Moving Costs |
| Verification and Control Measures | Fraud Program  
Eligibility Review Program  
Error Detection, Correction and Improvement | Fighting Fraud and Abuse  
Early Prevention and Detection |

Mandatory participation for employable recipients aged 19 – 24; spaces for older recipients subject to availability

Verification and control is strongly emphasised – stigmatising for recipients

Verification and control is strongly emphasised – Stigmatising for recipients

The 1990s welfare reforms in Alberta and British Columbia share a number of similarities and yet remain quite distinctive. Both provinces have reduced their benefit levels, introduced workfare for some categories, reduced their caseloads and costs and increased the financial insecurity of recipients without facing serious political costs. However, Alberta’s efforts most closely reflect a market-enforcement model while BC’s reforms approximate a market-performance regime: this means that while the goal of both provinces is to reduce the number of recipients relying on government assistance, by in large Alberta’s reformed welfare system is more severe to recipients than is British Columbia’s.
Chapter VI  Policy Explanation

The final task that remains is to provide an explanation for the pattern of similarities and differences between Alberta and British Columbia’s welfare reforms. This will be approached in two steps. The first step entails reviewing the provincial, national and international trends outlined in Chapter 2 and determining which combination of these and other unpredicted factors served as the catalyst for the reform measures in each province. This step addresses the question as to why Alberta and BC initiated welfare reform in the first place. Pressures that influenced both provinces to transform their social assistance programs suggest a rationale for the similarities in their reformed policies: differences in the pressures that motivated change point to an explanation for divergent policy choices.

However, this thesis argues not only that there are differences in the social assistance policies of Alberta and British Columbia, but that these differences reflect fundamentally different models of welfare provision. This goes beyond simply responding to different sources of pressure on provincial welfare programs: it reflects the making of policy choices within a specific political context. Thus, the second step in establishing an explanation entails examining each province’s political context and the way in which this context influenced each province’s policy choices. The question being addressed by this step is why Alberta’s and British Columbia’s welfare reforms took the specific form that they did. Four variables will be examined for insight into the reasons why Alberta adopted a market-enforcement model while British Columbia chose a market-performance model of welfare provision: partisanship, economic circumstance, interest group participation and political culture.

A. Responses to Pressures for Change

The rationales for Alberta’s welfare reforms reveal the indirect influence of a number of internal and external pressures. Specifically the strain of the increasing provincial welfare caseload, its cost to the provincial government, the changing debate around the relative merits and deterrents of social assistance and transformations in American welfare policy contributed to the reasons that Alberta reformed its welfare policy. However, the central rationale for reform came from an unpredicted source, namely the personal vision of the then AFSS Minister, Mike Cardinal.

Cardinal began his involvement in the Alberta welfare system as a social worker and employment counsellor. Throughout his career, he was sceptical of the innate value of social assistance, largely because of his personal experience of growing up as a part of an
Aboriginal community. From this, he concluded that welfare was a cause of social problems rather than a solution:

[t]he system was a corrupting influence, and was devastating to the native population in particular. Prior to 1950, communities in northern Alberta were independent from government and completely self-sufficient. Everybody worked, there was no welfare system. We had our own health care system, alcoholism was very limited, family breakdowns were very limited, people practised their culture, and lived off the land in a traditional way. We changed that with good intentions, but within 15 or 20 years (by 1970) 80 to 90 percent of the members in those communities had moved onto the welfare system completely ... I know, and we all know in Canada, that welfare is not the best way of dealing with poverty and unemployment.183

During 1980s, AFSS encouraged its staff and district offices to look for ways to improve welfare programs in their communities.184 A group of officials including Mike Cardinal and Don Fleming used this opportunity to travel and examine the efforts of several American jurisdictions that were experimenting with various welfare reforms. The Alberta contingent was interested in what types of reforms were being implemented by communities existing in close proximity to both native reserves and large industrial non-native communities. The policy of one West Virginia community was particularly interesting as it encompassed a fundamentally different approach to welfare provision without appearing to be unduly oppressive to recipients. This program emphasised recipients’ lack of employment as the primary problem to be resolved; to this end, they redirected employable applicants, often before starting benefits, into employment counselling and job placement programs.

This model was adopted for a 3 year pilot program in Calling Lake, Alberta under Cardinal’s supervision. Through the pilot project, individuals applying for welfare first had their employability assessed and their skills and experience catalogued. Staff members searched out job opportunities in the community for immediately employable applicants. Applicants facing barriers to employment such as a lack of life skills or education were placed in a program called the Job Corps, where they received classroom assistance and work experience in community projects. This process ensured that “[n]o one who could work was able to sit on their duff and collect welfare.”185 The results of the program were promising, as people were deflected from the welfare system into employment and thus prevented from entering a cycle of poverty and dependency. Furthermore, there were a

183 Cardinal quoted in Boessenkool, 5.
184 Don Fleming, former Deputy Minister, Alberta Family and Social Services, interview, 2 June 1999.
185 Don Fleming, former Deputy Minister, Alberta Family and Social Services, interview, 2 June 1999.
number of positive developments in the community which were also perceived to be a result of the pilot project including an improvement in school attendance, a reduction in medical costs and a drop in youth delinquency.

By the early 1990s, Cardinal was convinced that the welfare system should transfer its emphasis from financial assistance to employment assistance. The number of welfare recipients had grown substantially over the past decade, from 79,000 in 1981 to 156,600 in 1991 and the current policy was not providing effective measures to help recipients re-enter the labour market.\(^{186}\) To the contrary, Cardinal believed that the system actually served to reinforce absence from the labour market by being too easy to obtain, too generous and too easy to continue receiving.\(^{187}\) Rather than helping clients, welfare in Alberta created a damaging and prolonged cycle of dependence. Furthermore, although steps were being taken at AFSS to reform the welfare system, Cardinal felt that the changes were neither significant enough nor proceeding fast enough. Thus, in 1991, he decided to run for a position in the legislature in the riding of Athabasca-Lac La Biche and, in 1993, he was appointed Minister of Alberta Family and Social Services. Almost immediately he commenced the process of reform based primarily on his experience with the pilot projects and his conviction that social assistance was a hindrance rather than a help to escaping poverty and associated social ills.\(^{188}\)

The personal vision of the Minister of AFSS was thus the primary rationale for the 1993 welfare reforms; indeed "[t]he impact of Mike Cardinal on the direction and pace of welfare reform cannot be overstated."\(^{189}\) This vision was backed by a number of normative beliefs which influenced the way in which the reforms were implemented. The first of these is that nobody wants to be on welfare and that given the chance, people would rather work than collect benefits. This translated into the motto of the reforms - 'any job is a good job'. Second, the results of prolonged periods of welfare receipt are primarily negative, including erosion of self-esteem, increased likeliness of depression as well as loss of skills and motivation. The result of this negativity is loss of effort towards finding gainful employment.\(^{190}\) For this reason, welfare must be both difficult to receive and only a temporary situation once granted. Finally, benefit levels must not exceed the incomes made by working Albertans. This is to ensure that there is no disincentive to taking employment


\(^{187}\) Elton et al., 20.

\(^{188}\) Don Fleming, former Deputy Minister, Alberta Family and Social Services, interview, 2 June 1999.

\(^{189}\) Elton et al., 21.

\(^{190}\) Remple, 67.
of any kind over social assistance; it is also a reflection of fairness those trying to get by on low-income wages.

A secondary motivation was the desire on the part of the government to cut costs. In 1993, Premier Ralph Klein announced that there would be a 20 percent across the board reduction in government spending; this initiative would effect all areas of governments including health, education and welfare. For this reason, welfare reform and cost cutting were linked from the beginning. Some commentators such as Brian Bechtel suggest that this was an overriding motivation for the reforms: “the most obvious [rationale], very real in the public mind, effectively established politically, was the need to reduce expenditure.”

Even if fiscal restraint was not a relevant motivation for Cardinal and his staff, the overarching government cutbacks provided a convenient backdrop to the reduction of benefit levels and the insistence that welfare was, as of 1993, the assistance program ‘last resort’.

Interestingly, Alberta may be the only province whose plans for reform were not heavily motivated by the federal government’s ‘cap on CAP’ and establishment of the CHST. Alberta did not suffer financially on account of the ‘cap’ to the same extent as did British Columbia or Ontario because it was the first of these provinces to reform its social assistance program: its successful caseload reduction meant that Alberta was largely unaffected by the federal cutbacks. Further, Fleming asserts that the Alberta government’s determination to commence the reforms was strong enough that it was willing to forgo funding under CAP had the federal government been unwilling to support the changes. By the time that CHST was implemented, Alberta had already reduced welfare expenditures beyond those implemented by the federal government: thus, “[b]ecause welfare reform was initiated before the implementation of the Canada Health and Social Transfer, the CHST was not a factor in promoting change in Alberta.”

The rationale for welfare reform in British Columbia was also the cumulative effect of several pressures emanating from the provincial, national and international spheres. These included the growing number of individuals and families collecting welfare, changes in federal policy, economic transformations, a philosophical shift among welfare officials and public perceptions of fraud. According to then Premier Mike Harcourt, “We’re facing growing caseloads, severe federal cuts and the inability of the old system to help people gain

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192 Don Fleming, former Deputy Minister, Alberta Family and Social Services, interview, 2 June 1999.
193 Gorlick et al., 203.
independence … Change has to happen, and BC Benefits is a compassionate, cost-effective solution.”

Between 1990 and 1995, the number of people on welfare had risen from 216,000 to 374,300. This roughly translated into 10 percent of the province’s total population and 20 percent of the children under age 5. Over the previous six years, BC’s caseload had increased 66.8 percent, slightly higher than the national average. This increase in part reflected the fact that during the early 1990s, BC attracted significant numbers of migrants, both interprovincially and internationally, many of whom became reliant upon the province’s welfare system.

Not only was the increasing caseload a concern to the government, but so were the changing demographics of welfare recipients. The increase proportion of ‘employable’ recipients was one such concern: “Fifteen years ago, most people receiving welfare were considered unable to work. Today, more than 70 percent of the people on welfare are able to work.” A related issue was the growing number of single families who were relying on income assistance. In 1994, single parents families made up 46 percent of the total number of recipients on welfare: 93 percent of these single parent families were headed by women and the majority of recipients in this category were their children. The growth and transformation of the social assistance caseload thus put increasing financial pressure on the government at the same time as sparking questions about whether these funds were being used in the most appropriate manner, given the altered demographics of the welfare caseload.

Change in federal government policy also acted a spur to welfare reform, primarily because of the resultant reductions in the amount of external money BC had to spend on its social assistance program. The ‘cap on CAP’ resulted in British Columbia having to cover a $1.3 billion shortfall in federal funding. Manson Singer, notes, we had in 1989 the lowest point in either side of a decade of income assistance dependency. At this point, 6.36 percent of the population of British Columbia were in receipt of income assistance. The federal government, by no accident, chose 1989 as their fixed point and capped 5 percent on top of that. So, rather than having 50 cent dollars, by 1994/95 fiscal year we were looking at about 19 cent dollars.

196 British Columbia, BC Benefits, 1.
197 British Columbia, BC Benefits, 4.
198 British Columbia et al., A Statistical Overview of GAIN, 10.
200 Sharon Manson Singer, Deputy Minister, Ministry of Human Resources, interview, 9 June 1999.
The transformation of CAP into the CHST, and its accompanying cut to provincial transfer payments, was a further blow to the provinces income assistance budget. “By 1997/98 reduced federal funding support for income assistance will have cost our province a total of $2.38 billion over eight years. The federal share of annual income assistance costs is expected by then to total less than 20 percent.”

Federal changes in its labour market policies also inflicted significant indirect costs on the British Columbia welfare system. “For years now, the federal government has been withdrawing from employment training, tightening eligibility requirements for UI and off-loading responsibilities and costs onto the provinces. UI cuts alone are expected to cause a $333 million increase in British Columbia’s income assistance costs between 1991 and 1997.” By the mid 1990s, British Columbia was feeling an economic pinch as, on one hand, the number recipients applying for support was consistently increasing and, on the other hand, the federal contributions to the provinces social safety programs were diminishing significantly.

A number of socio-economic changes also worked to bolster the perceived need for reform. The welfare system had been built in the 1960s, with the goal of providing financial support to those unable to participate in the labour market and a small number of people in transition between jobs. “In those days, British Columbia’s economy included a large number of long term jobs that paid well and required little training or skills upgrading.”

Full time, good paying jobs were in relative abundance and the vast majority of families had one steady income earner. Government revenues in this period were also growing, enabling them to steadily increase the funding for social programs. However, by the 1990s, things had changed considerably, with high levels of unemployment, an increasing proportion of part time jobs, growing numbers of single parent families, a recessionary economy and government debt and deficit concerns added to the equation. Further, the job market had polarised such that high wage jobs were increasingly demanding skilled workers. Given these new circumstances, the government began to worry that its social assistance system was doing little to promote the acquisition of skills among employable recipients and that it was adding disincentives to recipients moving into the labour market, such as having to give up medical coverage or a more stable source of income. For these reasons, the province was convinced that the social assistance system must do more to make entering the labour market, even into low wage jobs, more attractive.

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201 British Columbia, BC Benefits. 6.
203 British Columbia, BC Benefits. 4.
During the mid-1990s there was also a philosophical shift that took place among welfare authorities in British Columbia. This manifested itself as a focus on the negative costs to individuals and families reliant on income assistance, rather than the positive contributions of the program to their lives. Increasingly, concerns began to focus on dependency as a primary ailment which needed to be addressed. This dependency was not described in moralistic tones per se, but rather as an unhealthy symptom caused by an out-of-date and overextended welfare system. Goldberg suggests that this philosophical shift came to the fore through the work of the Premier’s Forum on New Opportunities for Working and Living.\textsuperscript{204} It is also evident in the BC Benefits brochure which suggests: “For too many adults who are able to work, the welfare system has become a trap. And disturbingly large numbers of employable adults have become caught in it”; “The human costs of this situation are severe – especially to children and youth, many of whom are becoming dependent on welfare early in life”; “And while everyone seems to agree that families are better off when parents can support them through employment, the system doesn’t do much to help parents get back to work.”\textsuperscript{205} Joy MacPhail also articulated this philosophy when identifying the primary rationales for reforming BC’s welfare system:

> It was really to move people from welfare to work. It was the feeling of hopelessness that we were imposing upon people by the system touching more and more without any move to a decent standard of living … Even if we had received full compensation under CAP, we still would have made the changes. Because the value underlying the change was not a fiscal value it was a human value, for assisting people.\textsuperscript{206}

A final spur to reform was the issue of welfare fraud. The Auditor-General’s report of the 1994-95 public accounts took the government to task over the issue of abuse in the province’s welfare system. The issue had great public resonance and, although the province had already made progress on this front prior to the commencement of the reform process, “the welfare fraud issue put a spotlight on the entire system.”\textsuperscript{207} The crack down on fraud also played a general public relations role for the welfare system.

\textsuperscript{204} Michael Goldberg, Research Director, Social Planning and Research Council of BC, interview, 3 June 1999.
\textsuperscript{205} British Columbia, \textit{BC Benefits}, 3, 5.
\textsuperscript{206} Joy MacPhail, former Minister of Social Services, interview, 10 June 1999.
\textsuperscript{207} Joy MacPhail, former Minister of Social Services, interview, 10 June 1999.
Although estimates of fraud indicate that it is relatively infrequent, taxpayers and everyone who depends on the system are hurt when fraud takes place, and the credibility of the system is reduced. Action against fraud and abuse helps make sure resources will be there for people truly in need, and it increases public confidence in assistance programs.\textsuperscript{208}

An important question to address at this point is ‘to what degree did the welfare reforms in Alberta influence the later initiatives in British Columbia?’ It is unclear whether the reforms in Alberta resulted in an increase in the welfare caseload in British Columbia. The BC government began keeping track of the influx of Albertan recipients shortly after Alberta commenced its reforms. From this data Boessenkool notes that “[d]uring periods of large reductions in Alberta’s caseload, British Columbia experienced only small changes in flow from that province (in particular, a spike in early 1994).”\textsuperscript{209} After the residency requirement was implemented in British Columbia, the number of cases joining the welfare system from Alberta dropped, but the proportion of out-of-province clients from Alberta remained relatively stable. This does not shed much light on the question of whether the proportion of Albertan recipients in BC increased compared to its pre-1993 level. What is clear is that the perception that Albertans were increasingly relying on BC’s welfare system was a powerful political force in British Columbia. The issue received extensive press coverage and then Premier Mike Harcourt was quoted as “wondering if Alberta’s welfare policy was to give people tickets and point on the road map to British Columbia.”\textsuperscript{210}

While the perception of an Albertan influx may have served as a spur to reform, there is no indication that Alberta’s reform was used as a ‘blueprint’ for the later reforms in British Columbia. In response to the question of what influence the reforms in Alberta had in BC, MacPhail responded that “[w]e rejected the changes elsewhere, substantially … Alberta just simply slashed benefits and moved everybody from Alberta to British Columbia.”\textsuperscript{211} Manson Singer had a similar response: “I think that there was in looking at what happened in Alberta and Ontario a revulsion to some extent about what had happened there and we were trying to do things in a way that was much more progressive rather than regressive.”\textsuperscript{212} Alberta’s welfare reform was thus not emulated in BC; rather, its influence on the welfare reform process in British Columbia was indirect, through the perceived consequences of their reforms on BC.

\textsuperscript{208} British Columbia, \textit{BC Benefits}, 5.
\textsuperscript{209} Boessenkool, 14.
\textsuperscript{210} Harcourt quoted in Murphy, 121.
\textsuperscript{211} Joy MacPhail, former Minister of Social Services, interview, 10 June 1999.
\textsuperscript{212} Sharon Manson Singer, Deputy Minister, Ministry of Human Resources, interview, 9 June 1999.
Alberta's and British Columbia's welfare systems shared a number of pressures in the 1990s. Both provinces experienced rising welfare caseloads and program costs during a period in which the government was concentrating on other financial considerations (in Alberta, debt and deficit reduction and in BC, budget shortfalls due to federal social policy cutbacks). Both provinces were also affected by the changing debate around government provision of social assistance – increasingly viewing passive welfare policies as a barrier to labour market participation and an unhealthy burden on recipients. These shared concerns highlight a rationale for why Alberta and British Columbia both reformed their welfare policies with the goal of encouraging welfare recipients to look to the market rather than the state for financial security, reduced welfare benefits and increased the emphasis on mandatory employment and training programs. The distinctive forces of change in each province, the influence of Mike Cardinal and the example of American reforms in Alberta and federal policy changes and public perceptions of fraud in BC, also suggest why the two provinces adopted distinctive approaches to welfare reform. American welfare policy and Cardinal's belief system both centre on importance of individual responsibility and self-reliance; these influenced Alberta to adopt changes aimed specifically at discouraging welfare use. In BC, the federal cutbacks and public perceptions of fraud put pressure on the government to reduce the number of people on welfare and the generosity of the benefits but left open the question of what approach to take in order to achieve this; the government responded by implementing a market-performance model of welfare provision.

B. Influence of Provincial Politics

The previous section argued that the welfare reform initiatives in Alberta and British Columbia were motivated by different sets of pressures on their respective social assistance programs. This section will now explore how the political context of each province was significant in determining the divergent models of welfare provision adopted.

The relative importance of political contexts to the development of welfare state policies has been intensely debated, particularly in regards to the question of whether welfare states are becoming increasingly similar, or converging, despite different political contexts. While this debate is longstanding, it has recently attracted renewed interest based upon concerns that economic globalisation will necessitate policy convergence. Some

213 This debate is only a subset of a larger debate surrounding the question of whether nation states can retain policy autonomy in the face of the universalistic pressures of the globalised economy. See Banting, Hoberg and Simeon. Degrees of Freedom, and Geoffrey Garrett "Global Markets and National Politics: Collision Course or Virtuous Circle?" International Organisation. 52 No.4 (Autumn 1998) 787 – 825.
scholars have suggested that distinct political contexts are not responsible for creating qualitatively different patterns of welfare state development. For example, Wilensky, in a statistical study of 64 countries, argues that economic development is a primary cause of welfare state convergence: “the primacy of economic level and its demographic and bureaucratic correlates is support for a convergence hypotheses: economic growth makes countries with contrasting cultural and political traditions more alike in their strategy for constructing the floor below which no one sinks.”\textsuperscript{214}

While economic growth may drive welfare state development at the macro level, the fact remains that many highly developed countries have markedly different welfare states in terms of their organisation, level of expenditures and redistributional impact. Further, the social policies of the welfare state have appeared to be among the most resistant to the convergence pressures of the global economy. In order to explain these sustained divergences, scholars have turned their attention to various elements of political context. One of the most influential explanations for cross-jurisdictional distinctiveness is the role of institutions. Institutions, consisting of both formal organisations as well as informal rules and procedures, structure politics by determining through what processes decisions will be made, how political actors define their interests and how power will be distributed within a society.\textsuperscript{215} This suggests that different institutional contexts refract political pressures in different ways, resulting in divergent policy outcomes. Following this, scholars have argued that institutional arrangements, notably the concentration of power (parliamentary vs. presidential systems) and the level of centralisation (federal vs. unitary states), are central to determining the scope of welfare state policies in individual countries.\textsuperscript{216}

The institutional approach, however, is little use in helping to explain the different models of social assistance provision adopted by Alberta and British Columbia because the two provinces share very similar institutional circumstances. While it would be an exaggeration to suggest that the influence of institutions in Alberta and BC is identical, they are similar enough to be considered a constant. Nevertheless, there are at least four other variables that correspond to differences in the political context of the two provinces that may account for their distinctive models of welfare provision: partisanship, economic

\textsuperscript{214} Wilensky, 27.
circumstance, interest groups and political culture. The influence of these four variables will be explored in the next four sections.

\textbf{i. Partisanship}

One of the most obvious differences between Alberta and British Columbia in the 1990s is the identity of the governing party. The Progressive Conservatives have governed Alberta continuously since 1971. In BC, the New Democratic Party were elected for the second time in 1991 (their first victory being in 1972). These two parties represent ideological polar opposites of the Canadian political spectrum. For this reason, one may well suspect that the direction of social assistance policy in Alberta and British Columbia would reflect the ideological positions of the two governing parties.

This hypothesis is well supported in public policy literature in which partisanship has been theoretically and empirically linked to distinctive policy choices, particularly in terms of government economic intervention and the expansion of public expenditures.\textsuperscript{217} For instance, Castles, in a comparison of the government expenditure trends of 18 developed nations, found that

partisan control of government is among the factors influencing levels and changes in public expenditure, with strong parties of the Right acting as an impediment to expansion and social democratic and other parties, jointly or separately, acting as a stimulus.\textsuperscript{218}

In terms of welfare policy, one would expect the party of the Right, the Conservative Party in this case, to design policies that reduce the amount of government expenditures and increase recipients’ reliance on the non-government social structures such as the market or the family. Conversely, the party of the Left, the New Democratic Party, would be expected to implement a policy that expands government welfare expenditures in an effort to redistribute wealth in society and provide citizens with meaningful options in regard to participation in the market or the family.


\textsuperscript{218} Castles, “The Impact of Parties.” 85. Castles’ research does suggest that the impact of parties varies among welfare state policy areas. “Most conspicuously, education expenditure is related to right-wing strength, health spending to social democratic strength and class politics, and income maintenance seems unaffected by political considerations … there need be no inherent ideological antipathy for non-socialist parties [to income maintenance programmes], so long as such programs were based on the insurance principle of benefits in proportion to contribution.” Clearly, social assistance is not based on the insurance principle thus, while a specific relationship between partisanship and social assistance spending is not evidenced by Castles’ findings, it still may be significant.
According to Hughes, Lowe and McKinnon, the Alberta Conservatives' agenda in the 1990s draws heavily on the values of neoliberalism and the 'new right' politics, which emphasize the primacy of market forces, individualism and a minimal role for the state. Its policies are textbook in this respect — targeting debt and deficit as the number one issue facing Albertans, insisting on an 'expenditure-side solution' while at the same time moving quickly to privatize public services, dismantle 'non-essential programs', and create a 'business friendly' tax and industrial relations climate.

The Conservatives have traditionally been supporters of the unfettered free market as the preferred source of financial security. To this end, the party has sought to lessen the level of government intervention in the economy and to reduce the province's debt and deficit. Beginning in 1992, the Conservatives, embarked on a program of cutting overall government expenditure by 20 percent between 1992/93 and 1996/97, using the savings to pay off the debt. Commentators have qualified this by noting that if population growth and inflation are factored into the equation, the per capita cuts to government spending during this time period equalled 27.4 percent. The government's efforts to reduce the debt and deficit burden on the Albertan economy have been successful with the province announcing that it had paid off its net debt in June 1999.

This success however has been achieved through tremendous shrinkage of government services such as health, education and social welfare. The ideology of the Conservative party, both in theory and in practice, fits well with the market-enforcement model of welfare provision as they both emphasise individual rather than state responsibility for financial security. In order to 'encourage' individual responsibility, Alberta adopted mandatory education and training program and extensive fraud prevention measures; both of these initiatives serve to stigmatise recipients and aim to deter them from dependency upon social assistance. Access to the welfare system has been reduced and recipients who are served by the system are moved as quickly as possible into the labour market. These measures also conveniently serve to reduce the amount of money the government needs to spend on the social assistance program. In this way, the Conservatives can be seen to have "used its crusade against the deficit ...[to initiate] a

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219 Hughes et al., 269 – 270.
program of social engineering, the re-ordering of societal institutions and priorities to fit a particular ideological mould.\textsuperscript{222}

A second perspective highlights the importance of the politics of identity within the Conservative party rather than general party ideology. Murphy suggests that “Cardinal was ideal person to implement a ‘tough love’ policy toward welfare recipients. He had oral authority borne of personal experience, and firmly believed that welfare had damaged a way of life and self-respect of his fellow Native people.”\textsuperscript{223} Fleming confirms this perspective, noting that similar reforms had been proposed by past AFSS Ministers but they had been undermined by both media and legislative opposition. Cardinal’s identity as Aboriginal person and his personal experience in ‘welfare dependent communities’ was central to the political success of the reform agenda.\textsuperscript{224}

The NDP is Canada’s only social democratic party and has been traditionally identified with collectivist values and a belief in the need for government economic intervention to compensate for market failure resulting in social inequality. The election of the New Democrats to the government in 1991 raised expectations among many in the British Columbia social policy community for a more generous social assistance policy than had existed under the former Social Credit government.\textsuperscript{225} Some of these expectations were undoubtedly met during the 1991 to 1994 period during which time benefit levels and asset exemption were raised. However, the changes that began in 1994, the establishment of the residency requirement between 1995 and 1997 and the implementation of BC Benefits came as a surprise to many because of the party’s vocal anti-poverty caucus and its traditional advocacy for welfare recipients.

Intuitively, one would expect a social democratic party to attempt to implement a redistributive model of welfare provision given that it embodies many of beliefs central to the movement such as the de-commodification of labour (making participation in the market a matter of choice). As we have seen however, NDP government has not adopted a redistributive income assistance model; rather, it has implemented a welfare system with reduced benefit levels as well as lowered asset and earnings exemptions; it has also imposed mandatory education and training programs on recipients aged 19 to 24. The reaction of

\textsuperscript{222} Taras and Tupper quoted in Hughes et al., 270.
\textsuperscript{223} Murphy, 111.
\textsuperscript{224} Don Fleming, former Deputy Minister, Alberta Family and Social Services, interview, 2 June 1999. Fleming further contends that the welfare reforms had nothing to do with the larger government policy of downsizing, claiming that the reforms “received support but not direction from the Klein government.” While Cardinal was the primary spark for reform in Alberta, it is nevertheless difficult to believe that his ideas would have been acted upon if they conflicted ideologically with the larger government agenda.
\textsuperscript{225} Goldberg, \textit{Widening the GAP}, 2.
social activists organisations and the anti-poverty caucus within the party to these initiatives was predictably negative. In a letter to Minister MacPhail, Casey Dorin, Chair of SPARC's Income Security and Labour Market Committee, states "SPARC is surprised and dismayed that an NDP government has brought forward ... changes in income assistance that, in our opinion, represent a significant deterioration of existing income security programs." Further, 

[t]he anger with the NDP among many people within the party, of which I am not one, is around the real violation of some of the party's principles. They have met some of these principles around health care and education. They have done some outstanding things here, compared to Alberta or Ontario, in terms of dealing with the shortfall in federal transfers. But they have done a lot of it at the expense of the social services ... These services have not been protected in the same way.

While the NDP has not fulfilled the expectations of its anti-poverty contingent, it has made a number of policy decisions that reflect the party's connection to the labour movement. These initiatives have worked to improve the economic circumstances of the working class in British Columbia. The Family Bonus and Healthy Kids programs, which are largely responsible for marking BC's welfare program fall under the market-performance rather than market-enforcement model, are among the policies designed to improve workers' financial security. This is because these programs serve both as income supplements to low-income families and a transition benefit for families leaving welfare for work. In this sense, the adoption of the market-performance model is consistent with NDP ideology.

Thus, in both Alberta and British Columbia, the ideological persuasion of the governing party plays an important part in understanding why former adopted a market-enforcement model of income assistance while the latter followed a market-performance model.

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226 Letter from Casey Dorin, Chair of Income Security and Labour Market Committee, SPARC to Joy MacPhail, Minister of Social Services, 3 January 1995.
228 For example, they legislated the highest minimum wage in Canada - $7.15 per hour. This compares to the $5.40 minimum wage in Alberta. Until October 1998, the minimum wage in Alberta was $5.00 and was the lowest in the country.
ii. Economic Circumstance

A second potentially influential variable is the state of the economy. This builds on the insight that expansion of the welfare state is linked to economic growth. This perspective suggests that governments in times of prosperity can afford to legislate generous social programs and that during times of austerity governments are compelled to reduce the amount of resources that they invest in social programs. An social assistance program that is market-enforcement in orientation should theoretically be less costly for the government to provide than one patterned on a market-performance model on account of the expense of transition benefits. If the government of Alberta was facing more difficult economic circumstances than was British Columbia in the period directly prior to the welfare reforms, then it is plausible that this affected the model of social assistance chosen.

In the period immediately prior to the adoption of welfare reform, both provincial governments faced substantial economic constraints. In 1992/93, the Alberta government faced a $3.3 billion deficit and a $17.2 billion debt. The government’s net public debt to GDP ratio was 20.6 percent and its debt servicing cost was just under 1.2 billion dollars. In 1994/95, British Columbia had a $370 million deficit and $26.9 billion debt; the net public debt to GDP ratio was 18.9 percent and its debt servicing cost was $964 million. From these statistics it appears that while both provinces had significant debt and deficit burdens, British Columbia’s provincial government was in better condition than was Alberta’s.

At the same time, however, both provinces were performing well in comparison to the other provinces in Canada. Between 1990 and 1995, Alberta was the fastest growing economy in the country and in 1993, its GDP per capita ratio was 30 percent higher than the national average. British Columbia also experienced considerable economic growth in the early part of decade. Further, throughout the early 1990s, Alberta and British Columbia had the lowest and second-lowest debt-to-DGP ratios in the country, the debt servicing...
costs in the two provinces were below the Canadian provincial average and they shared the highest credit rating of all the provinces.

There are, however, two considerations that suggest that Alberta was in a better overall economic situation than was British Columbia immediately prior to their welfare reform initiatives. First, beginning in 1992 there was a rise in world oil prices, which is Alberta's largest resource export, while in 1995, international prices for BC's commodities began to decline. Both Alberta and British Columbia are heavily dependent upon resource industries for government revenue and economic growth and thus are subject to the 'boom and bust' cycle of world markets. Alberta's provincial treasury is particularly vulnerable to these transitions, as it collects substantially less in tax revenue than do other provinces. On the eve of the welfare reforms, the surge in energy prices meant that "rising resource and other revenues were already in line to eliminate Alberta's budget deficit, without further cuts to health, education and welfare."233 Second, unlike any other Canadian province, Alberta does not have payroll, capital or sales taxes. While establishing new taxes might have been politically unpopular, it certainly represented a possible source of new revenue. This gave Alberta substantially more opportunity, albeit unused, to control the debt and deficit through increased revenues than was available to BC.

The economic circumstances of the two provinces just prior to the adoption of welfare reform provides a very mixed picture. Many would argue that the economic burden of the debt and deficits on both provincial governments was substantial enough to initiate efforts to reduce expenditures.234 From this perspective, reducing welfare benefits and strengthening recipients' ties to the labour market rather than to government assistance is consistent with the need to reduce government costs. Others, however, suggest that the relative strength of the two economies compared to other provinces and the federal government illustrate that there was no objective need for either Alberta or BC to reduce their social expenditures. For example, Klein and Walshe argue that there is "no compelling economic reason why either province should prioritize a balanced budget over other economic and social considerations."235

It remains debatable whether or not the economic circumstances of Alberta and British Columbia mandated welfare reform as part of overall efforts to reduce provincial debt and deficit burdens. What is clear is that the economic circumstances of the two

233 Klein et al., 5.
235 Klein et al., 6.
provinces do not provide a reasonable explanation for the specific models of social assistance chosen. First, given rising oil prices and Alberta’s greater potential for revenue raising, it is untenable to argue that it was compelled to choose a less costly model of welfare provision than was British Columbia. Second, the need to reduce the cost of social assistance provisions does not pre-determine which model will be chosen other than to preclude the redistributive model. Of the remaining models, the market-enforcement and the market-performance are the two most expensive on account of the costs of providing and policing mandatory education and training programs as well as the expense of transition benefits. Thus neither province was forced by their economic circumstances to choose the model of welfare provision that they did.

**iii. Interest Groups**

A third possible explanation for the different direction in Alberta’s and BC’s welfare policies was the role of interest groups. According to Pross, formal interest groups, or pressure groups, are “organizations whose members act together to influence public policy in order to promote their common interest. The chief characteristic of the pressure group is that it tries to persuade governments to pursue the policies it advocates.” These groups articulate their policy interests to government through a variety of methods ranging from participating in government policy bodies, to lobbying politicians, to organising public rallies and demonstrations. However, the success of interest groups in actually influencing policy is dependent upon a number of factors including the size of their membership, their level of organisation, the source and security of their financial resources, their perceived legitimacy and their level of access into the political arena. Further, the influence exercised by interest groups varies considerably over policy fields and political jurisdictions.

The role of social assistance interest groups in Alberta and British Columbia during the 1990s represents a significant difference between the two provinces. The respective governments took fundamentally different approaches towards interest group participation in policy development and this is reflected in the divergent models of welfare provision adopted.  

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237 A note of caution is necessary when considering the role of groups articulating the interests of welfare recipients and other economically and socially disadvantaged groups to policy makers. While they can sometimes provide effective representation during the policy process, they can also distort the perspective of the very people they are trying to represent: “Church groups, social-service organizations, representatives of the caring professions, and even subsidized groups staffed by the under-privileged are all well-intentioned, but have trouble relating to their constituency and speaking for it. They speak on behalf of their
In Alberta, interest groups did not play an important role in the development of the reformed welfare policy. According to Bechtel, the advocacy community was not provided with a chance to make a contribution to government policy or even to have their opposition to the reforms officially registered. One reason for this is that, in the last decade, the political landscape in Alberta has undergone the “virtual destruction of public advocacy.”

Bechtel states that

the big change I’ve found since I was director of the food bank in the 1980s is that there are fewer groups willing to do public advocacy on social services and social issues. Basically, we’re it right now [Edmonton Social Planning Council], whereas in the 1980s there were a lot more groups who were willing to do advocacy. There is very little now, despite the fact that things are significantly worse.

He further argues that the diminished state of advocacy on behalf of welfare recipients and others dependent upon the social safety net is a consequence of the Albertan government’s approach towards public criticism:

It’s partly due to the fact that a lot of the groups rely on the government for some of their funding and they believe that their funding will be cut if they speak out too much … [The government is] very clear that if you speak out, you’ll be attacked. I’ve been personally attacked [in the media], accused of having political motives. That’s the environment that we live in … People see that and it has a chill effect.

A second reason for the lack of interest group influence in Alberta is that no official forums were established for communication between the government and social policy advocates. “There hasn’t been, since 1993, a single forum hosted by government. We have had a growth summit, we’ve had a health summit, we’ve had a justice summit - all sorts of these citizen engagement processes, none of which have even had social services on the agenda.”

In fact, the only chance for input into the reforms for anyone outside of the government elite was a consultation process between the AFSS head office and the district welfare offices, who were asked to develop their own ideas for reducing the caseloads in March of 1993. Thus, interest groups were not a factor in choosing the model of welfare constituents but do not necessarily speak for them.” Thus, while this section examines the influence of interest groups on social assistance policy development, one must not assume that these groups reflect the interests of welfare recipients per se. Pross, 246.

242 National Council of Welfare, Another Look at Welfare Reform. 86.
provision. These groups have been relegated to the margins of the political arena and they have taken a largely passive role, responding to the consequences of the welfare reforms rather than pursuing changes through political channels:

almost always the response seems to be to expand capacity and to seek more funding to do more. I am sure the general sector in terms of basic needs, food, shelter, clothing, has expanded ... for the most part, the sector has chosen to take an accommodating approach as opposed to challenging the policy, shutting down services or any kind of group action ... There are exceptions, but for the most part that's been the response.243

Interest groups have played a more participatory role in British Columbia’s efforts to reform its income assistance program. Beginning in 1993, the government established two advisory committees in order to bring input and advice from knowledgeable members of the public to the attention of government policy makers. The first of these bodies was the Minister’s Advisory Council on Income Assistance, which was a 15 member body appointed from a list of nominees provided by community and advocacy organisations as well as individuals.244 The Council released reports in 1994 and 1995 containing suggestions on ways to improve welfare provisions in BC: in general, these proposals would have increased the amount of financial benefits available to recipients and added further incentives to recipients entering the labour market. While these initiatives would have increased the individual cost of welfare provision, they remained within the overall Ministry budget. According to Goldberg who sat on the Advisory Council for 2 years,

[all of our recommendations were based on the budget of the Ministry at the time. When we wrote up the first report [The First Step], it was presented shortly after Joan Smallwood was removed from the Ministry [of Social Services]. Joy MacPhail became the new Minister and Elizabeth Cull was the then Finance Minister. They came and met with us and, when we presented the report, they explained that it couldn’t be implemented because the government was facing a deficit. Even though our stuff had stayed within the budget of the Ministry, they needed the money to offset the larger budget. For many of us, this was an enormous betrayal of the work that we had done, given that we had followed the government’s own terms of reference.]245

244 The Federated Anti-Poverty Groups of British Columbia, SPARC, the Nanaimo Community Law Centre, the British Columbia Association for Community Living, the Justice Institute of British Columbia, the Vancouver Board of Trade, the Downtown Eastside Residents Association, End Legislated Poverty, the BC Federation of Labour, the British Columbia Government Employees Union, Fernie Women's Centre and the Victoria Street Community Association were represented on the Minister’s Advisory Council.
However, the Advisory Council faced another problem besides budgetary constraints. "The 1994 welfare reforms had left the Minister’s Advisory Council on Income Assistance in precarious position. Not only was The First Step report ignored, but the advisory group’s raison d’être was thrown into question by the creation of a new body called the Premiers Forum on New Opportunities for Working and Living."246

The Premiers Forum also contained a wide range of representatives, but this time, the members were not nominated externally but were appointed by the government. The membership included people from business and labour organisations, universities and community groups.247 It also included the Ministers and Deputy Ministers from the Ministry of Finance and Corporate Relations, Ministry of Skills, Training and Labour, Ministry of Social Services and Ministry of Women’s Equality as well as the Deputy Minister to the Premier. The report of the Forum makes clear that Forum members “were not selected, elected or even appointed to represent particular constituencies.”248 The Forum was a more political powerful entity than the Minister’s Advisory Council and, despite the fact that its membership reflected a wide spectrum of the British Columbian public, many in “[t]he B.C. social advocacy community saw the Premiers Forum as a hand picked elite group which did not truly represent the interests of the poor … [Nevertheless] In the end, it was the Premier’s Forum that drafted the blueprint for the next round of welfare reform.”249

Many of the policy elements of the BC Benefits package originated from the Premier’s Forum for Working and Living: Report from the Forum. This report stressed the need for a ‘life-cycle’ approach to social security, whereby the government adopts different strategies towards people in different age groups; it also strongly emphasised the need to replace passive forms of income support with more active programs which undermine dependency and promote self-sufficiency through labour market participation. The Forum report argued that welfare is not an appropriate response to financial needs of youth between 19 and 24 and that, instead, youth should be streamed to training, treatment

or work programs in order facilitate early attachment to the labour force. The report also suggested that the province consider providing additional financial support to low and middle income families with children in order to make work more attractive than welfare. Reducing asset exemptions and supporting students through loans and bursaries rather than welfare were also proposed. Overall, “[t]he opportunities for renewal put forward in this report combine to represent a fundamental change of direction for our income security system. This is a shift away from dependence and towards work.”  

The report of the Premier’s Forum did not represent a consensus amongst all of the Forum members, nor were all of the suggestions in the report acted upon. However, according to MacPhail, “out of the Premier’s Forum a vision was mapped out … and that became the discussion document, both at the cabinet table and at caucus, for reform.”

Manson Singer served both as a Co-Chair of the Minister’s Advisory Council on Income Assistance (nominated by SPARC) and Chair of Premier’s Forum prior to becoming Deputy Minister of the Ministry of Human Resources. She suggests that

all of the things that are elements in the BC Benefits program are referred to in either one of those two reports [the Second Report of the Minister’s Advisory Council and the Report from the Forum]. The only thing that was missing was the three month residency requirement which was instituted by the provincial government at the same time.

Even the fact that a Deputy Minister chosen to oversee the reformed welfare system came from the social assistance advocacy community rather than from within the government points to the links between interest groups and the government.

Interest groups had more input into the welfare reform process in British Columbia than they did in Alberta. It is also clear, however, that their influence was indirect, coming through participation in government organised forums, and that their collective weight was watered down, particularly in the Premier’s Forum, by the specific appointment of ‘individuals’ rather than ‘representatives’ from various groups. This may well represent a strategy of co-optation on the part of the government aimed at increasing the perceived legitimacy of its reformed welfare policies. Nevertheless, key elements of the BC Benefits program which are market-performance in orientation emerged from these efforts, such as the emphasis on training and work opportunities as well as the basis for the Family Bonus.

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250 British Columbia, Premier's Forum on New Opportunities for Working and Living. 9.
251 Joy MacPhail, former Minister of Social Services, interview, 10 June 1999.
252 Sharon Manson Singer, Deputy Minister, Ministry of Human Resources, interview, 9 June 1999.
iv. Political Culture

A final variable that may have influenced the type of social assistance model adopted by Alberta and British Columbia is political culture. Political culture is the pattern of "deeply-rooted, popularly-held beliefs, values, and attitudes" which characterise a political community and form the foundation upon which political decisions are made. Often political culture is measured in terms of characteristics such as citizens' sense of political efficacy, trust in government and political involvement. However, in terms of influence on welfare policy decisions, what is of central concern is the pattern of individualist vs. collectivist values in each province. In this respect, Alberta and British Columbia have very different political cultures, with the former being characterised by relative cohesion and the latter with a definitive polarity.

One of the key elements of Alberta’s political culture is a strong sense of individualism. According to Bechtel, the political culture contains a notion of an ideal “Alberta Way” in which ‘good people’ take care of themselves and that “reliance on the state or any kind of collective measure is somehow evidence of failing.” The culture reinforces the role of the free market as the preferred source of individual and financial security. Alberta also has a history of one-party dominance, with the Conservatives holding on to power in the province for the last quarter of the century. Not surprisingly, this has resulted in a relatively narrow range of political debate. A recent example of this is given by Hughes, Lowe and McKinnon, who suggest that “[b]y setting ideological parameters around public discussion, the government has sustained the myth that there is no other alternative to budget cuts, effectively closing off other options.” Further evidence of the restricted nature of political debate in Alberta is that the two parties that won seats in the June 1993 elections, the Conservatives and Liberals, both based their campaigns on deficit reduction through expenditure cuts. Bechtel suggests that the impact of political culture on income assistance reform was fuelled by concern over the debt and deficit.

256 Hughes et al., 281.
257 McMillan et al., 134.
I think that that created the reason, or excuse if you will, to do these things that they always probably wanted to anyway ... the perception that if we don’t [reduce government expenditures] we’ll be bankrupt created a political environment where people could look at the hardships of some of their fellow citizens and say, well, sorry but we have no choice. We just can’t afford it.258

A majority of Albertans strongly support the individualism and reliance on the free market embodied within the market-enforcement model of welfare provision. Furthermore, welfare recipients are almost as likely as other Albertans to reflect these values. For example, 73.3 percent of former welfare recipients and 82.3 percent of the general population interviewed in the Canada West Foundation survey agreed with the statement that ‘there would be fewer social problems if individuals and families would take more responsibility for themselves’.259 One can thus conclude that Alberta’s political culture appears to have fostered a value system that closely resembles that embodied by the market-enforcement model.

By contrast, “[t]he single most significant aspect of the British Columbia political culture is its bipolarity, its division between two ideological camps with much resulting discord and an intense political hostility between the two major parties.”260 This has resulted in a primarily two-party system, with the NDP representing political values on the centre-left and the Social Credit or Liberals representing the centre-right. This split has traditionally separated voters based upon their commitment to individualist or collectivist ideals.261 Historically, parties on both the left and the right have garnered significant voter support in every election. The NDP’s percentage of the popular vote on election day has, throughout 1980s and 1990s, hovered around 40 percent; however, the popular support of the primary right wing alternative party (the Social Credit up until 1991 and thereafter the Liberals) has surpassed that of the NDP in every election year except in 1991.262 While the NDP was in power at the time of the reforms, the values of the party and its supporters can not be accurately described as reflecting all, or even most, British Columbians.

British Columbian political culture is deeply divided and it is not possible to link the model of social assistance provision chosen in 1996 with any deeply shared political values.

259 Elton et al., 53 – 54.
Further, there was no effort on the part of the government to link the reforms to public values. Mason Singer confirms this assertion, claiming that

there is no open statement of values [in BC Benefits] other than work is a better deal than welfare. That is a very fundamental principal of the reforms ... you are going to achieve economic security through job security not through income assistance. I think that you could say that that probably reflects the viewpoint of British Columbians, but there was no attempt to make a direct tie between the public [sentiment] and what was done.\(^{263}\)

The four independent variables examined for influence on the social assistance model chosen by Alberta and British Columbia reveal an interesting pattern. The market-enforcement model of welfare provision in Alberta is consistent both with the ideology embodied within the governing Conservative party and the longstanding political culture of the province. British Columbia’s market-performance model of income assistance reflects NDP ideology as well as the role of interest groups on policy formation process. In neither case can the economic circumstance of the province be attributed with influence over the model chosen.

In sum, the major similarities between Alberta’s and British Columbia’s reformed social assistance policies, namely the goal to encourage welfare recipients to look to the market rather than the state for financial security, the reduction of benefit levels and the increased emphasis on mandatory employment and training programs can be accounted for as reactions to analogous pressures on the provincial welfare programs. Specifically, these shared pressures were rising welfare caseloads and program costs during a period in which the government was concentrating on other financial considerations and the changing debate around the merits of social assistance provisions. The differences between the two policies, which reflect the adoption of two distinct models of welfare provision can likewise be partially attributed to the salience of different pressures on the provincial programs. In the case of Alberta, these distinct pressures were the personal vision of Mike Cardinal and changes in American welfare policy while in British Columbia these were the federal cutbacks and public perceptions of fraud. Furthermore, the different models of welfare provision chosen also reflect the respective political contexts of each province: Alberta’s adoption of a market-enforcement welfare regime was facilitated by Conservative Party ideology and the province’s political culture while BC’s approximation of a market-performance model reflects the influence of NDP ideology and various social assistance interest groups.

\(^{263}\) Sharon Manson Singer, Deputy Minister, Ministry of Human Resources, interview, 9 June 1999.
Conclusion

This thesis has examined welfare reform in Alberta and British Columbia from a number of different angles. First, the provincial, national and international pressures on the social assistance programs were outlined, including increases in welfare caseloads and costs, changes to federal social assistance policy, American welfare reforms, transformations in the global economy and changes in the debate surrounding government provision of social assistance.

Second, the specific details of welfare reform in Alberta and British Columbia were examined and compared as were the consequences of these reforms on their respective governments and social assistance communities. From this it was concluded that overarching goal of both provinces' reformed welfare policies is to increase recipients' reliance on the labour market for financial security and thereby reduce the number of recipients depending on government assistance. Welfare reform in both provinces has also entailed a reduction of benefit levels and the introduction of workfare for some categories of recipients. Shared consequences of the reform initiatives in both provinces were an overall reduction in welfare caseloads and costs for the governments and an increase in the financial insecurity of the employable recipients who have remained on the system. The reforms in Alberta and British Columbia also, however, revealed a number of dissimilarities, steaming from two fundamentally different models of welfare provision: Alberta’s market-enforcement regime relies on stigma and sanctions against recipients as disincentives to welfare use while British Columbia’s market-performance regime by in large uses financial benefits as incentives to labour market participation. The result of this is that Alberta’s social assistance program is more severe to recipients than is its counterpart in BC. This is evidenced by the fact that Alberta’s benefit rates were cut more substantially and affected a greater proportion of recipients, its eligibility requirements were made more strict and its reliance on mandatory employment and training programs was greater than was the case in British Columbia. Conversely, British Columbia has made much more use of transition benefits than has Alberta.

Finally, this thesis sought an explanation for the similarities and differences between the reformed welfare policies. This entailed identifying the specific combination of pressures that precipitated reform in each province: pressures that provoked reform in both provinces were proposed as a rationale for the similarities in their policies while differences in the pressures that motivated change were identified as sources of divergent policy choices. In both Alberta and British Columbia, rising welfare caseloads and program costs
and the changing debate around government provision of social assistance were identified as pressures for change. However, in Alberta reform was also initiated on account of the influence of AFSS Minister Mike Cardinal and the example of American reforms; in British Columbia, federal policy transformations and public perceptions of fraud were further spurs for change. The thesis also explored four elements of the provinces’ political contexts to ascertain the reason that Alberta chose to adopt a market-enforcement model while British Columbia embraced the market-performance model of welfare provision. From this it was concluded that political ideology was a significant factor in both provinces: the Alberta Conservatives’ commitment to individualist values and the free market facilitated the choice of the market-enforcement model while the BC NDP’s commitment to the labour movement pushed the government towards the adoption of the market-performance model. In Alberta, the dominant streak of individualism in the province’s political culture also served as a predisposition toward the market-enforcement model while in British Columbia interest groups were granted enough access to the policy development process to contribute to the choice of the market-performance model.

What this thesis has not done is evaluate the merits of the reformed welfare policies of Alberta and British Columbia; rather, this study has largely circumvented the question of whether these initiatives represent good public policy. One reason for this is that there already exists a number of works, both academic and journalistic, dedicated to either praising or lamenting the reformed policies of the two provinces. Further, such an activity is inherently subjective and the accuracy of any such evaluation will necessarily depend upon a particular point of view. While no work can be free from the influence of one’s personal assumptions, every effort has been made to focus solely on describing and explaining the welfare reforms: nevertheless, it should not be assumed that silence regarding the merit of the policies under consideration implies an underlying approval of these initiatives.

Having thus examined the process of welfare reform in Alberta and British Columbia, what final conclusions can be drawn? Most obviously, this study highlights the degree to which welfare policy is increasingly being conceptualised as a labour market policy. The increasing reliance of employables on the various welfare systems has changed the basic goals of the programs. While traditionally social assistance was viewed as a mechanism to provide income to individuals excluded from the labour market, it has now largely become a mechanism to facilitate the transition of the unemployed back into the labour force. Correspondingly, these programs are not in themselves intended to eradicate poverty among welfare recipients; rather, they presume that it is through work that people will eventually escape their financial insecurity. Further, efforts can be made, as we have seen in British Columbia, to ensure that even low-income workers will have sufficient
resources with which to meet their needs. However, the fact remains that there is still a significant unemployment rate in Canada, meaning that there simply are not enough jobs to go around. 264 So long as this is the case, there will continue to be a segment of society who are forced to live in poverty, as they will not be able to secure employment nor receive enough income through social assistance to attain an adequate standard of living.

Second, this study reinforces the assertion that governments continue to possess considerable control over policy direction. While both Alberta and British Columbia reformed their welfare programs in order to reduce the number of people relying on the system, the two provinces adopted distinctive policy elements and fundamentally different policy orientations to achieve this goal. These jurisdictions were not compelled by irrepressible, universalistic forces to converge upon a single social assistance model; rather, Alberta and British Columbia have retained distinct and yet parallel welfare policies. This conclusion is consistent with the findings other scholars, notably Banting and Boychuk, who have argued that social policies appear to be quite resistant to convergence pressures.

Lastly, this study illustrates that provincial policy choice does not occur in a vacuum. Policy choice is simultaneously influenced by the larger national and global context in which the province and policy area are situated, and by the local political context of the province. The different layers of context can be mutually reinforcing - a good example of this is the increasing concern over welfare dependency at the provincial, national and international levels. They can also be contradictory or exclusionary: not all national and international pressures will be equally salient in every jurisdiction nor will particular elements of local political context be equally influential in all cases. Nevertheless, each policy reflects a unique combination of influences, the identity of which reveals the rationale for the policy’s existence and its specific form.

264 7.8 percent of the active labour force were unemployed in August 1999. CANISM matrix 3451.
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