

# Fighting for Canada's Social Programs

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## The Threat

Canadian social programs are up for "review" by the Chrétien government. The Social Security Review and related reviews of health, immigration, and pensions threaten to wipe out the government's social obligation to protect "employable" people. The purpose of this paper is to expose the corporate agenda underlying the Review and to suggest some strategic directions we need to take to counter it.

Much of the criticism of the Review process has centred around budget cuts to social programs. The cuts are real, of course. Finance Minister, Paul Martin announced in this year's budget that the government would cut over \$7.5 billion from social spending by 1997.<sup>1</sup> But the threat of the Social Security Review is much more fundamental.

Canada's corporate élites are pressuring the government not just to cut costs, but to change the entire purpose of social programs. They want to eliminate any protection "employable" Canadians now have from being forced to take low-paid, dangerous, insecure work. The Review has a lot less to do with "savings" than with putting Canadian wages and rights on a par with Mexican workers. Regardless of how well or poorly the economy functions, corporate lobbies and think tanks are demanding that the government transform social programs from protection of vulnerable people into overt labour force control.

For at least twenty years, right-wing think tanks (the Fraser Institute, the C.D. Howe Institute, and the Business Council on National Issues (BCNI)) have been championing just such an agenda.<sup>2</sup> They advocate the destruction of Medicare, Unemployment Insurance, affirmative action, labour rights, women's rights, immigrants' rights, and welfare for employable people.<sup>3</sup> Three years ago, the BCNI and the Canadian government co-produced a blueprint for adjusting Canada to the global market place called *Canada at the Cross-roads*. It included a plan to re-structure social programs to force people to work and upgrade their training which is remarkably similar to the current Social Security Review:

Aggregate social spending in Canada is not out of line compared to most other industrialized countries. However, to create an attractive environment for competitive advantage, it is crucial that social goals be pursued in a way that does not sacrifice incentives, upgrading and productivity

growth. Consideration must be given to re-designing social programs that do not meet this test.<sup>4</sup>

The corporate agenda aims to produce a whole new form of labour force: part-time, low-paid, without job security, and with few rights or services — most of which will be paid by middle and low-income taxpayers. To make this politically palatable, the public is being induced to resent the taxes they are paying for the poor, to view the employable poor as fraudulent, lazy, and undeserving of support, and to see Canada's debt "crisis" as so serious that support for any but the most deserving and needy will be rejected.

The C.D. Howe Institute especially appears to have the Liberal government's ear. It is producing a series of books on all aspects of social programs, especially targeting Unemployment Insurance (UI), welfare, and Medicare.<sup>5</sup> In its latest book, Tom Courchene's *Social Canada in the Millennium* lays out the agenda explicitly.<sup>6</sup> Among other things, Courchene's "blueprint" recommends that:

- Workers should have to work 30 weeks before they qualify for UI and for three years to receive the maximum of 52 weeks of benefits.
- The Canada Assistance Plan should be cancelled, and employable recipients should be forced into training and workfare as a condition of receiving benefits.
- Provinces should de-emphasize minimum wages and instead subsidize wage costs of employers by topping up low-wages.
- Federal support for post-secondary education should end, and instead give students vouchers to use in either public universities and colleges or private-sector training programs. This would increase university and college fees significantly.
- Workers' Compensation should be tightened up to "eliminate features that make it more attractive for claimants to keep collecting, rather than returning to work."
- Federal cost-sharing of Medicare would be cancelled.
- The basic Old Age Security Pension and Canada Pension Plan should be abolished and replaced by a single Guaranteed Income Supplement. Legal retirement age would be raised to 67.

The underlying goal is to "harmonize" the Canadian labour force with the demands of the global marketplace.<sup>7</sup> In other words, the reviews are not just another round of cuts. They are about destroying the whole notion of social insurance and social rights, and replacing it with a draconian, corporate model based on forcing workers to "adjust" to Third World labour conditions.

Both Liberal and Conservative federal governments (as well as provincial governments of all three parties) seem to have decided that the world

economy globalization is inevitable and, for some, even desirable. Under threats of lowered credit ratings, and heavy pressure from corporate lobbies, they all have agreed to collaborate with business interests to help them stay afloat among the high stake players of the international market place. This involves reducing Canadian workers to the level of income and submission of workers in the southern United States and even of those in Mexico and the Philippines.

A lot of the groundwork for restructuring has already been imposed in the marketplace. Since about 1975, the Canadian labour force has been changing more and more into a model characterized by poorly paid, insecure, part-time work.<sup>8</sup> Many people—especially youth, people living in rural provinces, people with disabilities, and aboriginal people—are permanently unemployed. One in four of us is forced to use Unemployment Insurance, and one in three of those exhausts their benefits and is forced to go on welfare.<sup>9</sup> Forecasts are for escalating job losses as corporations move their factories to the lowest waged parts of the world, as they deplete our remaining natural resources, as their automation creates “jobless” economic recoveries, and as the public service sector is eliminated.<sup>10</sup>

### **Protecting social programs is key**

The threat to social programs is especially dangerous. Our social programs are a crucial dike protecting us from Third World-level exploitation and oppression. Without them, people can be silenced and controlled much more easily.

If we didn't have our social programs, many more people would be poor, and the poor would be much poorer. “Without government income security programs, the poverty gap would be over three times larger and poverty would be almost twice as deep.”<sup>11</sup> But even more importantly, our social programs are the key to protecting the rights of the entire Canadian working and potential working class.

As a money saver, cutting social programs is not very efficient, since the unemployment and lower productivity it causes lowers tax revenues and raises the costs of social services, welfare, policing, and health care. The main goal of the cuts has less to do with saving money than with forcing able-bodied people to take jobs at lower wages and under worse working conditions.<sup>12</sup>

The attack on social programs is not new. It's been going on since the early 1970s provincially and federally by all three political parties.<sup>13</sup> Now the corporate and creditor pressure on the government to complete the job is even heavier. The government and business interests are putting on the same hard sell of the Social Security Reform as the PR campaigns they waged to promote Free Trade, the GST, and the Constitution. Axworthy

appears regularly on talk shows and at press conferences. The "feds" are trying their best to patch things up with provinces who were annoyed about not being consulted. For example, they recently tried to buy Bob Rae's support by offering Ontario a "\$25-million peace offering" grant for job retraining (after cutting over \$2 billion a year through the "cap on CAP").<sup>14</sup>

### **We need to define and fight for what we want**

The public has been wary of the Social Security Reform. Polls show they view it as an excuse to just cut costs.<sup>15</sup> But the rhetoric of business/government is slipping into popular parlance. "Most Canadians think the country's social-security system is wasteful and encourages dependency" and "two-thirds of respondents agree with Axworthy's stated goal of breaking the 'cycle of dependency' on programs like UI and welfare." No one wants a "passive," "outmoded" Welfare State. Many people are buying the myth that our social programs are "too expensive," and that people who use them "too much" are the problem, not the lack of good jobs.<sup>16</sup>

So far, progressive labour and popular sector representatives have mostly restricted themselves to pleas to hang onto what we have already. They seem willing to negotiate over which programs to abandon. Although many of the separate briefs to the Standing Committee suggest shopping lists of desirable new social programs, the bulk of their energy appears to be going into just holding our own, if we're lucky.

It's amazing how much our vision for what we want has shrunk since the 1960s. Then, almost everyone, including the government, took it for granted that the society is obligated to protect all people. That commitment is enshrined in the preamble to the Canada Assistance Plan Act.<sup>17</sup> As recently as 1984, Mulroney was declaring social programs a "sacred trust," and a 1985 major federal study found "little or no support for any major alternative to CAP in terms of social policy."<sup>18</sup>

But after years of relentless budget cuts, rising unemployment, and scare stories about the dangers of the deficit, many are willing to settle for crumbs. Unfortunately, that's just where the corporate powers want us to be.

During the Mulroney years, there were no major public demonstrations or strikes to protest the abandonment of the promised national Child Care program, or the elimination of Family Allowances. Now, when the entire Welfare State is imminently on the block, popular sector groups seem confused about what to fight for and who to target. Most groups seem stuck in the rut of lobbying the government for "more" (or even for "not much less").

Especially troubling is the lack of a massive support for protecting and re-building the Canada Assistance Plan. Its only strong advocates

seem to be groups especially mandated to speak for the poor (e.g. the National Anti-Poverty Organization (NAPO), the National Council of Welfare, End Legislated Poverty, and the Caledon Institute). The Canadian Labour Congress, while including support for CAP in its briefs,<sup>19</sup> has focused its mass organizing efforts only on protecting Unemployment Insurance. The base income and rights that the Canada Assistance Plan guarantees are the linchpin of the entire Welfare State. If it goes, the rest will inevitably follow.

The vision of fighting just to keep what we have is too narrow. People justifiably feel ambivalent about the social programs they use and pay for. It's hard to work up much enthusiasm for even the "good old days" of the Welfare State, because it never has given us what we needed and wanted. We wanted a just, equal, safe and humane society. We got inadequate, demeaning welfare, UI, and Workers' Compensation. We wanted an end to violence against women, and we got underfunded shelters and rape crisis lines. We wanted an end to racism, and we got small grants to competing ethnic minorities to fight among themselves and blame all whites. We wanted universal child care, and we got child tax credits which benefit mainly the rich. We wanted community based health services and protection from environmental causes of illness. We got instead doctors insurance, with rights for them to charge taxpayers for unlimited, and often useless or damaging fee-for-service treatments.

### **What to fight for**

Rather than settling for just not losing any more than necessary, now is a time when we need to speak up and stand up for our vision of the society we want and the social programs that will make it possible. We can no longer afford to be "realistic" in accommodating to the corporate agenda-driven restructuring of social programs. If we want to have any rights twenty years from now, we don't really have any other choice but to fight, not just for a portion of what we had, but for the kind of Canada (and world) we actually want.

Instead of clinging to the shreds of a Welfare State based on business interests, we need to set out a positive agenda of our own to fight the rhetoric of the Right, and we need to mobilize together to demand it. The class contradictions of Canadian society are coming out from behind the smoke screen of the Keynesian welfare state.

Now is the time when we need to expand, not contract our vision. We need to move beyond the liberal, business vision of social welfare and demand a people's vision. We could, for example, demand basic universal rights that are routine in many less affluent countries — such as highly subsidized basic food, price controls on all goods, guaranteed low cost housing for all, free post-secondary education, and universal, free child care. We

need to spread the truth that Canada is not spending too much on its social programs. In fact, its spending is near the bottom of the industrial world, higher only than the United States.<sup>20</sup> A real people's agenda would give us something to get excited about.

### **Who to fight and how to fight them**

As a result of NAFTA and GATT provisions, the federal and provincial governments no longer have the power to grant even the liberal vision of a social welfare state. No matter how well-intentioned individual politicians are, the Canadian government has been hijacked by transnational global corporations which hold it hostage through the threat to withhold further credit. Our creditors — big business — simply won't allow a liberal welfare state in Canada any more.

The world economic situation has shifted fundamentally, and Canada's future is in serious jeopardy. Corporate power and wealth now vastly exceeds that of individual countries.<sup>21</sup> The United States economy, on which we have tied so much of our economic protection is selling us out to hold up its own leaking economy. The majority of the world's people are desperately poor, after having their resources and labour power squeezed out of them. Global debt outstrips anything anyone can ever pay back, but the International Monetary Fund keeps insisting on imposing more draconian structural adjustment on most of the world, indirectly including Canada.<sup>22</sup> As Frank Tester points out:

The logic behind the structural adjustment programmes applied to third world countries is deceptively simple. As a condition of receiving on-going financial support, debtor countries have to accept terms laid on them by the neo-classical economists at the IMF. These measures include: reducing the cost of government, especially by reducing the size of the public service; terminating government subsidies for food, fuel and other essentials; devaluing currencies to control imports, and increasing exports. . . . Canada has also been secretly advised by the IMF to handle the Canadian economy in the same way by freezing public service wages, by slashing unemployment benefits and by removing protection from what the IMF calls "inefficient farmers."<sup>23</sup>

We have believed we are exempt from the destitution and political oppression of Third World countries. During the Depression, we got a glimpse of the reality of Canadian class relations, and began to mobilize to demand fundamental change. In large part, the Welfare State was the corporate response to that threat. Rather than getting control of the economy and government, we were mollified by the modicum of financial security afforded by Family Allowances, Unemployment Insurance, Workers' Compensation, Old Age Security, and other social programs.

Those Keynesian programs were designed to help further the mythology that we have a benevolent government, that we are all "middle class", and that there is no real conflict of interests between business and workers. Mostly, it worked. When social unrest re-surfaced in the '60s and '70s, Canada expanded the Welfare State to include Medicare and the Canada Assistance Act. It also set up a plethora of government-organized non-government organizations (NGOs) to mollify "special interest groups." These NGOs transformed the demands for fundamental political change into underfunded services to treat the victims of injustices on a spotty basis. They neither addressed inequalities nor guaranteed universal access to services. Rather, groups were forced to compete for scarce dollars, and their movements were diverted by the slogging daily work of applying band-aids.

The Canadian corporate élite are running scared. They see global transnational economics driving Canada out of its position as a minor power and into the ranks of the Third World. Their only hope (as they see it) is to re-structure Canada as quickly as possible to increase its profitable competitiveness. As the Business Council on National Issues recently explained:

Canada today is at an economic crossroads . . . the core of its economic prosperity is at risk. . . signs are already accumulating that Canadian industry is encountering difficulties as it confronts a changed and more competitive environment. If the current trajectory continues, the standard of living of Canadians seems destined to fall behind.<sup>24</sup>

Theirs is a lifeboat strategy to protect the élite by forcing the rest of us into wage slavery and destitution to support them. In the name of global competitiveness, they want the government to drive the costs of labour down to the level of Third World countries in order to increase profit rates. The élite want the government to abandon the poorest areas of the country, and force employable people in those regions to move or lose any government support. They want to transform universities into training centres for transnational élite corporate workers, and otherwise slash access by most Canadians.

Clearly a strategy of trying to inform or influence the Liberal politicians will no longer work. Postcard campaigns and marches on Parliament Hill, no matter how large, will be ignored, because the locus of power no longer resides there (if it ever did).

It won't work either to replace the Liberals by the NDP (even if we were able to actually achieve that, given the NDP's low popular standing). All three provincial NDP governments have caved in to demands of creditors to prioritize reducing the deficit through maiming and destroying social programs and attacking public service employees.

What we need to do is rebuild and mobilize our popular bases to take on the corporations and banks directly, through militant actions such as general strikes, boycotts, and creation of our own counter-institutions. We

also need to build stronger alliances with those struggling against the same transnational corporate pressures around the world. We need to resist structural adjustment directly. As Frank Tester explains:

The structural adjustment programmes (SAPs) put in place by the IMF . . . are key to understanding why the New Right agenda will run its course in the 1990s. The lending and development practices of the World Bank, the adjustment policies of the IMF, and the behaviour of transnational corporations operating within the same context as the IMF and World Bank throughout the 1970s and 1980s, have created social and environmental conditions which cannot be permitted to continue into the next century if the planet is to survive.<sup>25</sup>

### **We do have power**

When Canadians have mobilized for our rights in the past, we have won impressive victories.<sup>26</sup> In spite of its inadequacies, the Welfare State has improved the lives of working class and unemployed people significantly. And its programs are largely a testament to the struggles of Canadian workers, oppressed groups, and unemployed people. R.B. Bennett's unemployment insurance scheme of 1935 was a direct response to the 1935 Regina Riot between unemployed workers and police. It wasn't what they wanted. What they wanted was jobs. But it was still a victory. Workers' Compensation, Old Age Security, Canada Pensions, Family Allowances, Medicare, and the Canada Assistance Plan all were won with hard struggle. They all are compromises which, in large part, also serve business interests. But they are our victories. So are the broad and expanding network of government funded non-government organizations serving women, immigrants, visible minorities, and people with disabilities.

We have already laid a lot of the groundwork for this struggle. National coalitions such as the Action Canada Network, NAC, Council of Canadians, NAPO, and the Canadian Federation of Students and their member unions and popular sector groups have forged strong national and provincial networks of labour, women, students, seniors, poor people's groups, immigrant and visible minority people, Aboriginal people, gay and lesbian rights groups, and other oppressed groups.

So far resistance to the Review agenda is just mobilizing. In the next year, we need to both derail the Chretien government's steamroller tactics, and mobilize for a real People's Agenda.

This won't be an easy or a quick struggle. The leash on which capital chained us has been slack since World War II, and we could indulge the illusion that we as a country were inherently free and prosperous. Now capital has pulled tight a choke chain that threatens to strangle us. We can bow in obedience, or bite through the leash and free ourselves. We might be



deterred by the vicious attacks on other countries that have tried to resist the corporate agenda, such as New Zealand, Nicaragua, Chile, Grenada, and Cuba. But we can also be buoyed up by the many victories of people's liberation struggles around the world and in Canada. Basically, we have no choice but to resist. We must step beyond looking to politicians to solve our problems, and instead go for our own vision of the kind of Canada and world we want.<sup>27</sup>

NOTES

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3. From the Fraser Institute (Vancouver): W.E. Block and M. Walker, eds. *Discrimination, Affirmative Action, and Equal Opportunity* (1982); H.G. Grubel and M. Walker, op. cit.; M. Walker, op. cit.; A.R. Riggs and T. Velk, op. cit.; *Which Way Ahead? Canada After Wage and Price Controls* (1977).  
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6. T. Courchene, op. cit., pp. 333-339.

7. D.M. Brown, "Economic Change and New Social Policies," in W.G. Watson et al., op. cit., pp. 115-117.
8. G. Ternowetsky and G. Riches, "Economic Polarization and Restructuring of Labour Markets in Canada: The Way of the Future," in G. Riches and G. Ternowetsky, eds. *Unemployment and Welfare: Social Policy and the Work of Social Work* (Toronto: Garamond, 1990), pp. 19-31.
9. R. White. Presentation by the Canadian Labour Congress to the House of Commons Standing Committee on Human Resources Development Regarding "The Social Security Reform Strategy," March 11, 1994
10. K. Collier, *After the Welfare State* (forthcoming); V. Galt, "Longer Work Week Widens Wage Gap Between Rich, Poor," *Globe and Mail*, July 13, 1994, pp. 1, 5; P. Gingrich, "Notes on Changes in the Canadian Income Distribution," unpublished paper (Dept. of Sociology and Social Studies, University of Regina, 1988); P. Kerans, "Government Inquiries and the Issue of Unemployment: The Struggle for People's Imagination," in G. Riches and G. Ternowetsky, op. cit., pp. 47-63; G. Ternowetsky and G. Riches, op. cit.; A. Yalnizyan, *Defining Social Security, Defining Ourselves: Why We Need to Change Our Thinking Before It's Too Late* (Ottawa: Canadian Centre for Policy Alternatives, Social Planning Council of Metropolitan Toronto, Canadian Labour Congress, May 1993).
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  23. F. Tester, op. cit., p. 144.
  24. M.E. Porter, op. cit., p. 4
  25. F. Tester, op. cit., p. 143.
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