Universality, Full Employment and Well-Being: The Future of the Canadian Welfare State

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The welfare state in Canada, having been subjected by the Tories to "social policy by stealth," is to be "restructured" or "modernized" by the Liberals.

Some areas are left vague by the government's "discussion paper" on social security reform and the subsequent technical papers, such as a narrower targetting of the child tax benefit with larger benefits for those in poverty. Other changes — for example, a restructuring of benefits for the elderly — will probably be proposed in a second stage of discussion to be initiated by the Minister of Health. But for the vast majority of recipients — those of working age — income support programs will be restructured to "encourage" their employment. The focus on the supply side of the labour market will be sharpened, as though there are actually jobs waiting for all those being trained, retrained, motivated, supplied with life skills and stripped of disincentives.

It is doubtless true that both UI and social assistance under CAP needs reforming. The confiscatory tax rates of the first dollars earned by a social assistance recipient, along with the added expenses of going to work, constitutes a real welfare trap; UI was designed as a short-term support program between jobs, not the long-term federal income maintenance program which it has become in many regions. It is also true that a shift from the present policies, which allow wages to drift downward in order to meet international competition, to a policy of training a high tech, highly productive workforce would be welcome. However, it is also quite possible that the reforms, focussed as they are on employability rather than on employment, will be yet another exercise in victim blaming. To avoid this punitive result, I shall argue here that programs should be developed which create jobs, not jobs as defined and controlled by multinationals, but the sort of work which will meet people's needs and which the members of our communities, once they are encouraged to do so, would agree should be created.

It would seem that we have lost Round One. Despite widespread opposition, the government seems determined to push through the proposed changes to UI and CAP. However, as the impact of the changes on the fabric of the country as we have known it becomes clear to the vast majority of Canadians, there is bound to be a Round Two. I would suggest that the social policy community should now be preparing for that next round. The first step is to sort out whether we who describe ourselves as "progressive" or "egalitarian" can come to any agreement about what these terms mean.

The terms of this debate are not new. Some are advocating universality, while others selectivity. Behind these positions are assumptions about the deeper goals of our welfare programs: those for universality feel that greater equality should be the long-term goal of social programs, while those for selectivity argue that equality is too large a goal for social programs, and that they should be designed to eliminate poverty.

There is a second cluster of issues, which seem to me to revolve around the relation between social programs and the economy. The consensus upon which the Keynesian welfare state was based included a broad agreement that equity and efficiency — social and market goals — could be harmonized. To be more concrete, that harmony rested on sustained economic growth and full employment, which brought about ever-increasing prosperity, and made social programs affordable, even relatively painless. However, since the elections of Thatcher and Reagan, the right wing has rejected that possibility of harmony outright. In the face of the assault from the right, the left seems to be in disarray. Some remained keynesians, in that they think that keynesian policy mechanisms can still be used to bring about full employment, and are convinced that a completely new basis for an integration of social and economic goals must be found.

During the last year and a half, I have found each of these positions held (at least implicitly) in well researched and well argued pamphlets and booklets published by research organizations within the social policy community. In this article, I propose to analyse the positions of four organizations that I have chosen because of the high quality of their publications. The Caledon Institute of Social Policy (CISP) has published a number of commentaries as well as five reports written by Ken Battle and Sherri Torjman[1] — two of which are discussed here. In the summer of 1993, the Canadian Centre of Policy Alternatives (CCPA), along with the Canadian Labour Congress (CLC) and the Social Planning Council of Toronto (SPCT), published a pamphlet written by Armine Yalnizian,[2] while in October, the Ecumenical Coalition for Economic Justice (ECEJ)[3] published a somewhat longer book of 132 pages. Finally, in the late fall of 1993, Marcia Rioux, Michael Bach and Leon Muszynski[4] wrote a pamphlet published by the Roeher Institute — a social policy research institute for the Canadian Association for

Community Living — that focussed on the impact of policies and programs for the disabled.

As one would expect, the authors of each paper shaped their argument around what they consider to be the key question in the contemporary debate. In order to be fair, I will deal with each of the authors' key questions, but in order to be clear, I will deal with them in an order imposed by my own sense of how the debate should be structured.

Universality

At the vortex of the storm is universality; the right wing has forced on the country the question of its affordability, and contends that overspending has caused the crisis of the deficit, while the left argues that uncollected taxes are the real problem. While the question of whether the government is unable or unwilling to collect taxes from corporations and the wealthy seems essentially contestable, one's answer to this question certainly shapes one's position on universality.

The CISP papers take a position with respect to universality which is in total contradiction to the CCPA and the ECEJ, while the Roeher institute tries to radically re-define the notion of welfare and thereby universality. In its introductory statement, CISP[5] describes itself as "engaged in a comprehensive review of social policy," while also calling themselves pragmatic by limiting their proposals to what can be achieved. Perhaps because of their pragmatism, they suggest that universality must be dropped in the area of benefits for the elderly. CISP[6] also calls for a single, adequate, income-tested program.

The CISP analysis is constructed to support their conclusion by focussing on overall spending. CISP[7] gives a complete list of changes to federal social programs and taxes during the Mulroney years, grouped under headings such as child benefits, child care and pensions etc. Many programs lost their protection against inflation, while benefits for children and the elderly ceased to be universal. Perhaps more importantly was the stealth with which these "arcane technical" changes were brought about — a stealth which enabled the government to avoid any discussion or political outcry.[8]

CISP develops a comprehensive and complex notion of social spending in order to explore its various dimensions. Included in this notion are provincial and municipal spending, the outlays of the Canada/Quebec Pension Plan, and the benefits delivered through the income tax system (both deductions and tax credits) — a total calculation of $20.4 billion of tax expenditures for social purposes in 1989.[9] Social spending includes expenditures on income maintenance, employment, social services and health care programs. While CISP tries to make the notion of social spending as broad as possible, at the same time it calculates the expenditures as

net, that is, taking clawbacks into account since many recipients of some programs are subject to them.

CISP contends that, despite a serious decline in the federal government's share of social spending, spending on social programs since 1958 has continuously increased in every sense — in constant dollars, per capita and as a percentage of GDP.[10] This growth has occurred because both the supply and the demand has been increased. Several major programs were introduced in the 1960s, while the applicability of others was expanded, with an increase in benefits to both improve coverage, as well as to protect recipients against inflation. But since 1980, despite "a gradual erosion and tightening of social programs,"[11] the demand for social spending has exploded, due both to demography (an aging population) and economics (mass structural unemployment). This increasing demand is then discussed in terms of retirement income, unemployment insurance, welfare, health care, child benefits and finally intergovernmental transfers.

This stress on total spending enables the authors to make plausible their backing away from universality. Perhaps one can take another of their conclusions, the "diminishing [federal] contributions for health and post-secondary education,"[12] as further reason for a withdrawal from universality. On the other hand, they are wary about the overhaul of UI and welfare, because they can support the integration of these programs with labour market policies, but they worry that "jobless Canadians may be blamed for their unemployment."[13]

By contrast, the CCPA and the ECEJ both issue a challenge to all progressives to defend universality. The ECEJ declares:

> unemployment insurance, Medicare, old age pensions, child benefit programs and Social Assistance are rights belonging to Canadians just because they are members of our society.[14]

It would be difficult to get a clearer statement in defense of universality.

Yalnizian's, and the CCPA's, relatively short paper contains a tightly focussed argument. Although a consensus had been reached which developed a "new, evocative language of citizenship" to assure "uniform protection across the country, essentially giving concrete form to national citizenship" and the "universality of certain minimums,"[15] that vision was abandoned in the mid-1970s and reliance was placed again on the market to meet people's needs. Yalnizian shows that the distribution of market income, and even of total income by decile for families with children under 18 has deteriorated sharply between 1973 and 1991, and the real median family income ceased its steady growth in 1980. Although "the market solution," increasingly

failed to provide for the well-being of all, the Tories were "openly withdrawing" from the traditional role of protecting people from the effects of market instability.

> Post-war society was built around the twin pillars of jobs at living wages for all who sought work and income supports for those who found themselves outside the labour market. It has been documented here and elsewhere how the security of income through the labour market is deteriorating. . . . The policy response to [the resulting rising costs of social programs] has been to contain costs through eroding the terms of entitlement to protection and service.[16]

Yalnizian sounds a "clarion call to redistribution," arguing both for wage solidarity and the re-establishment of universal programs.[17]

The ECEJ[18] also begins with a short statement related to consensus on which the Canadian welfare state was built, and then elaborates, in much more detail than the other papers, what that consensus should still imply. Analysing the life cycle, the ECEJ restate the classic egalitarian argument that people need support at many junctures, support which the market cannot provide and to which, because of their need, they have a right.

The ECEJ[19] details both how the "Conservatives unravelled our social safety net" and why, when they reject the ostensible reason, so often repeated by the right-wing, that Canada cannot afford its social programs because of the deficit and debt. They cite a Statistics Canada report, kept secret until obtained under freedom of information legislation, which shows that between 1975 and 1991, fully half the federal shortfall resulted from tax expenditures, 44% from high interest rates, and only 6% could be attributed to government spending.[20] The real reason, so the ECEJ argues, for the dismantling of the safety net is to replace it with a poverty-level guaranteed annual income (GAI) — called for during the 1980s by the CMA, the BCNI and the Macdonald Royal Commission — which would both force its recipients to take minimum wage jobs and drive down the minimum wage.

Globalization

This is at least an allusion to the broader economic context — "globalization" — which none of the papers under discussion investigates in any systematic way. For instance, Yalnizian remarks that "[t]he global mobility of capital, rather than the fluctuations of the economic cycle, has become the root cause of economic and social security,"[21] however, she does not pursue her insight.

The various aspects of globalization have been drawn on to argue whether this latest phase of capitalism has rendered definitively ineffective the keynesian policy tools once used to pursue full employment. Some stress the

realignment of the international division of labour, arguing that Third-World workers, working for much lower wages, have forced one of two policy options on to the long established industrialized nations; either to pursue educational and training policies to enhance the technical productivity of their workers, or (as has been the case in Canada) to allow wages to drift downwards.[22] Those nations which pursue the first option are still in a position to pursue full employment. However, there are several indications that various Canadian governments (both the Trudeau and the Mulroney regimes federally and most provincial governments) have pursued the second option:

(1) tight money policy during the 1980s triggered unemployment;
(2) legislation undermined the ability of unions to protect wages;[23] and
(3) efforts throughout the Mulroney years to strip the UI of its ability to protect the wage level.[24]

The conclusion of those who read recent history this way is that Canadian governments have been *unwilling* to pursue full employment and a strong welfare state.

Others stress that "world market integration . . . has constrained the scope of a national macro-economic policy permanently and fundamentally."[25]

> . . . there is now no economically plausible Keynesian strategy that would permit the full realization of social democratic goals within a national context without violating the functional imperatives of the capitalist economy. Full employment, rising real wages, larger welfare transfers, and more and better public services can no longer all be had simultaneously — because growth rates are inadequate and because the distributive claims that capital is able to realize have increased.[26]

This is not the argument of a market-oriented ideologist, suggesting that 'natural forces' have rendered keynesian techniques ineffective. Scharpf's reading of history states that there has been a decisive political shift, based on changes in international economic institutions, such that capital is now able to exercise more effective power vis-à-vis national governments than it could in the heyday of the welfare state. Thus, governments have been *unable* to pursue full employment and a strong welfare state. Based on this view, the keynesian welfare state is dead.

There is still a further argument to suggest that the economic trajectory, which was the basis of the keynesian welfare state, is no longer viable. The larger fordist compromise, of which the keynesian policy mechanisms were such an important part, was designed to maintain an ever increasing productive system and correlative intensive consumption patterns. For a host of environmental reasons, this fordist package is no longer sustainable.[27]

Full Employment

What is at stake here is the connection between a healthy welfare state and full employment. The assumptions of the four papers on this crucial issue are left implicit, forcing the reader to argue back to discover what they hold. To bring some clarity to the question, there are three quite different ways to make the connection.

The first is to assume that the question of full employment is entirely in the hands of investors. This has certainly informed most public discussion in the past few years. It even seems to inform the discourse of many socially minded economists who, using a human capital theory, argue that the goal of social policy is to provide healthy, well motivated and skilled workers in order that our economy be "competitive." The implications of this assumption, however, are deadly for the welfare state. If Scharpf is right, and the distributive claims of capital have in the past ten years achieved renewed success, then this success has two bases. One has been their ability to threaten and implement a capital strike. The ability of transnational corporations to move their productive facilities to almost any place on the globe has enabled them to demand more and more tax breaks to the point where Canada has a fiscal crisis.[28]

Whether the mounting debt has been the result of government's inability or unwillingness to tax the wealthy, it has certainly been the occasion of a massive distribution of income from the poor to the rich. While the bottom 60% of Canadian families with children under 18 have lost ground between 1973 and 1991,[29] the coupon clippers — those whose income comes as interest payments — have gained massively. In 1973, the coupon clippers received 5.7% of the GDP; in 1992, 10.9% ($27.6 billion more than would have been their 1973 share).[30]

The privileges of this group stem from the second reason for their success: the supposed importance of their wealth for investment and thus for full employment. This, however, has become a serious trap, since they invest not in order to create jobs, but to increase their profits and they do this by enhancing their control over the productive process, either by destroying jobs or rendering them less skilled and lower waged. Little wonder that the collective belief that we must rely on investors, and tax policies which reflect that reliance, has produced a fiscal and a welfare crisis. While the CISP reports do not explicitly discuss these arguments, their self-description as pragmatic, along with their recommendation that universal programs are no longer affordable, suggest that they accept this view.

There is a second way to understand the connection between full employment and welfare, what might be termed the social democratic view, in which the state, with social welfare as a policy goal, pursues full employment through a variety of measures — which includes becoming a large

scale employer of service workers.[31] When one examines the most successful of the countries which have pursued this social democratic vision of full employment (such as Sweden or Austria) it emerges that while political decisions define and set in place many social service positions, the market is left to decide about the content and value of industrial jobs, with only some input from government.[32]

Yalnizian makes it quite clear that this is her view too, when she calls for policies to renew a commitment to full employment and to universality. She suggests three policy changes that would make funds available for investment:

(1) tax expenditures, especially those which draw savings into non-productive tax havens, should be discontinued;
(2) pools of savings, for example pension funds, should be redirected to Canadian investment; and
(3) the national debt should be held domestically, in longer term instruments.

She ties her discussion of investment to a critique of trade policy and insists that the latter should be redirected toward a significant level of self-sufficiency.

The ECEJ also develops this argument when they stress the high human and economic cost of unemployment, while decrying the acceptance of a "natural" unemployment rate of between 6.5 and 8 percent, while noting the success of other countries in maintaining full employment.[33] More importantly, they argue that jobs should flow from a prior commitment to a decent quality of life for workers, and to equitable and adequate economic development for Canada.[34] The ECEJ insists that gearing the economy to success in international competition by fostering comparative advantage entails "high unemployment rates, large numbers of low paying part-time and contract jobs," which engender growing income disparity within the nation.[35] This happens because the advantages which "Canada" has compared to other nations are really the advan-tages of some people in some regions, and to enhance those comparative advantages makes those few people winners not only with respect to other nations, but with respect to other people within Canada.[36] Thus, the ECEJ calls for production in Canada to "meet Canadian needs first":[37]

> We want the Canadian economy to produce a broad enough range of consumer goods so that we are not dependent on imports to meet our most basic needs. . . . [I]n the midst of our so-called wealthy and developed economy, many Canadians still need affordable housing, child care services, adequate social programs and community infrastructure in order to live decently and in good health. The labour required to provide these basics could get all Canadians working again, if our government would take the necessary initiative.[38]

They draw out the correlative of this position, namely that Canadian savings, which are sufficient to meet Canadians' basic needs, should be mobilized as Canadian capital to meet Canadian social goals.

There is a third perspective on the connection between welfare and full employment, namely, to turn the relationship around and insist that people's welfare, or well-being, must drive the notion of full employment. This third perspective insists that work should be redefined — and not by the state, but by communities.

The Roeher Institute suggests that to move from our present understanding of welfare to their notion of social well-being will involve a paradigm shift such that "the economy would no longer be seen as an end in itself, but as a means to social well-being."[39] My gloss on their argument is that people put their lives together only as they build networks of supportive friendship, and a healthy economy is not possible unless it is rooted in a supportive community.

Social Well-Being

The Roeher Institute also begins with the key elements in the consensus founding the welfare state in Canada:

(1) a managed, mixed economy would provide security for all, in the sense that basic needs would be met;
(2) citizenship rights were to be broadened to include social rights;
(3) democracy was to be broadened to include unions as the legitimate voice of working people; and
(4) to incorporate public planning to deal with the vagaries of the market.[40]

Instead of focussing on external enemies, as the other booklets do, it probes the earlier consensus for internal "limitations" — for instance, the "inability" of the postwar framework to meet new economic and political challenges. While this seems a curiously bloodless and non-political viewpoint, with some evident blind spots, it does shed important light on institutional weaknesses:

(1) the structural problems endemic to the Canadian health care system;
(2) the environmental limits to industrial growth;
(3) the way welfare programs have imposed their own assumptions on what people need; and
(4) a tendency to measure aggregate rates of well-being and to overlook the low satisfaction rates of groups marginalized by virtue of their race, disability or gender.[41]

In general, the concept of well-being that has guided institutional arrangements has been too narrow and too easily lived up to.

Another item that the Roeher Institute paper calls for is a broader, more demanding notion of well-being, which is rooted in both self-determination and community. While self-determination has unfortunate connotations in both liberal political theory and psychobabble, it is unavoidable in this context. "Need" is the key to the progressive argument about rights: people have a right to what they need, rather than to what they have inherited or gained through market transactions. However, this approach would be unsatisfactory if all we meant by "need" is a biological minimum — enough to keep from starving or freezing. The argument made by recent philosophers of welfare is that people are entitled to be agents, that is, to adopt a life-plan — a set of values, aspirations and goals. The resources and institutional circumstances required for them to achieve their goals are, by definition, their needs.[42]

Self-determination cannot be taken for granted, but must be achieved in the face of manipulative and oppressive social forces, as well as with the support of a community where one can share values, aspirations and goals. Thus welfare as self-determination, far from reinforcing individualism, pushes us to the centrality of interdependence:

> Individuals cannot obtain well-being by themselves. They do so in the context of the communities they belong to — geographic communities as well as communities defined by common interest, language, culture, gender and other characteristics.[43]

The Roeher Institute paper calls for a second shift — from a reliance on traditional democratic forms to "democratization", that is, "recognizing, respecting and drawing upon diverse points of view in decision-making processes at all levels of society."[44] In order for a group's claims of need to be met with resources, there has to be a prior recognition of their identity, that is, of the worth of their values, aspirations and goals. Because each group is self-determining, there is every likelihood that these identities will be radically diverse. Thus, the notion of well- being implies recognition of the full extent of diversity within a country like Canada. This leads to the third shift — from a formal understanding of equality among individuals to an equality that accounts for differences among groups with different visions and commitments.

The focus of the Roeher Institute — social policy and disability — has led its researchers to a wholly new approach to the question of welfare. Poverty remains an important element, but it is not the whole story. Many of the disabled have suffered from "medical oppression," with the psychiatrized as the most obvious examples, but many of those labelled mentally impaired and even physically impaired — the deaf for instance[45] — find

themselves, once they begin to organize and put their lives together along lines of their own choosing, fighting the social implications of medical diagnoses. Members of these groups often have a completely different attitude towards the coupling of science and progress than do those whose roots are in the classical left, a tradition which has identified welfare with the meeting of scientifically determined needs. From very different perspectives, the environmental groups and racially oppressed groups have also challenged notions of progress and their scientific legitimations. Feminists have perhaps pushed this challenge most satisfactorily on a theoretical level.[46]

As Jenson[47] has observed, the political headway made by such groups illustrates that the stakes of political struggle include not just winning the right to resources, but winning the recogni- tion to be one of those legitimately taking part in the bargaining. Despite sharp contestation from the right wing,[48] citizenship in Canada is changing from that which accrues universally and uniformly to each individual Canadian, towards a still vaguely defined sense of the equal respect which should be accorded to groups, as groups. As I read the Roeher Institute paper, a key element in its call for a conceptual shift from *welfare* to *well-being* is to point to the weakness of welfare as simply the non-market allocation of resources to individuals, and to stress the importance of social and political recognition of groups' identity claims as well as the resultant redistribution of resources.

Full Employment Redefined

I had suggested earlier that there is a fine line between the second and third readings of the relationship between full employment and welfare. Key to the third interpretation is the importance of the political identity of the claims of groups. A brief re-examination of the discussion in ECEJ's book concerning self-reliance might make this clear. They say the economy should be geared to *Canadians' needs*; if this means that all Canadians have a bundle of needs which the Canadian economy should pursue instead of comparative advantage, then that is a good example of the second, the social democratic, understanding of full employment and welfare. This reading presupposes that arriving at a consensus with respect to the bundle of needs is non-problematic; (1) it can be achieved by consulting experts, (2) by survey research, and (3) by a general election or perhaps a combination of all three.

However, *Canadians' needs* can be interpreted differently. It can refer to different needs of different groupings of Canadians—regions with different geographic features, resources, political and cultural traditions; marginalized cultural and racial groups; and women. In this case, the process required to come to a consensus about needs is much more a community development process than a traditionally political process, while at the same

time being extremely complex and problematic. Such a process will be successful only if the groups making claims based on need are recognized in their particularity, and if this recognition leads to a shift in the groups' social and political status.[49]

The ECEJ provides a thoughtful discussion concerning the recognition of women's work. Women have traditionally done most of the work required to build a supportive community. This work has included housework, childcare, care for other family members, tending the sick and the frail, as well as including a wide variety of volunteer tasks in the broader community. The ECEJ, in discussing this example, call for "formal recognition of working situations outside of paid employment."[50]

There are various forms this recognition could take. One would be wages for housework, a widely discussed proposal some years ago. A second is to provide public support through transfer payments and/or short and long-term leave programs for people who do this work. For instance, while their market incomes leave 58% of Canadian and 50% of Swedish single-parent families in poverty, the post-tax/post-transfer incomes leave 48% of Canadian and only 8% of Swedish single-parent families poor.[51] Esping-Andersen[52] reports that on any given day more than 20% of Swedish women are absent from work with pay, while 47.5% of mothers with infant children (up to 2 years old) are absent with pay on any given day. Hewlett[53] has argued that such public programs are the appropriate way to recognize the double burden which women shoulder — a position which has also been contested.

Three points seem to emerge from the discussion of the appropriate forms of reimbursing women for the work which supports the community. The first is that counting women's work as something to be reimbursed would do much more than change the value of the total output of the country. It would also challenge the matrix of relative values attached to various kinds of work.

Secondly, the social recognition of a person's contribution, and therefore of the person, is a deeper issue than that of allocation of resources in the attempt to sort out the implications of people's right to and claims for well-being. It is misleading to expect that simply re-allocating resources will change the underlying social relationships which give rise to unequal role expectations, and at the same time devalue the work done in response to those expectations.

Thirdly, the recognition of women's work is a paradigmatic example of the relation in general between work and well-being. Every adult human being, it would seem, has a basic need to contribute to his/her community and to have that contribution recognized. A key element in almost every sort of oppression, whether racial, class, gender, age or ability, is that the

social conditions under which people are allowed to make their contribution are so structured that they become conditions of inequality. Those in power (in other words) are able to dictate how their contribution can be made, such that they are exploited and/or demeaned.

For instance, international comparisons indicate that in Canada welfare has always been subordinated to employment *as defined by employers*. As Esping-Andersen[54] argues, welfare programs should be gauged not only according to the level of benefits (how mean or generous they are), but also according to the way its eligibility rules reflect — and even shape — cultural attitudes towards recipients (how demeaning or respectful they are). Canadian programs have been both mean and demeaning because of their 'liberal' (in Esping-Andersen's terms) obsession with disincentives to seeking and accepting employment on employers' terms. This is to place the point in terms of class, but it can also be related to terms of oppression along the axes of gender, race, age, ability, etc.

Guaranteed Annual Income

There remains the question of an appropriate income support program to encourage groups to work through the articulation of need, and ways to meet need. Within the present framework the decentralization of decision-making means only that provincial governments would get the scope to experiment. However, that would leave unchallenged those who presently have the power to define what work properly means, and would simply mean devising programs with new ways of expressing the traditional Canadian obsession with "disincentive."

While I share the hostility of the ECEJ towards the poverty-level GAI proposals made by corporate lobbies (including the Macdonald Commission) during the 1980s, what makes those proposals so suspect is that they fly in the face of what had become common-place since the debate during the Nixon administration, namely, that any reasonable GAI scheme must include both an income support program for those who cannot find other income, and an income supplementation program for those who can.[55] One of the effects of the right-wing proposals of the 1980s was that they would have warehoused the unemployed, especially in underdeveloped regions, at sub-poverty levels.

To avoid this warehousing effect, any income supplement program would have to be accompanied by policies encouraging experimentation and resources for genuine community development. At the moment, the mutually supportive activity that goes on in generally underdeveloped communities in the form of the bartering of goods and services gets labelled officially as the "black," "underground" or "informal" economy, while recognition of these activities is only related to avoidance of taxation. People would have

to be convinced that there was a thorough change of heart by governmental officials. Any income supplementation scheme would also have to be carefully designed to encourage people to accept money for these activities and to declare the income because it would bring them more from the scheme. For instance, the House Commission in Newfoundland tried to deal with this problem by suggesting that a supplement program provide a very low level of support, and give an extra dollar for every dollar earned up to the poverty line and then begin a claw-back of the supplement at a 33% rate.[56] Such a program, along with a targeted, adequate child benefit program, might overcome the problems inherent in most GAI schemes.

Conclusion

The coming restructuring of Canadian social programs will be focussed on recipients' employability. This will beg the question of who has the power to define what work consists of. If that power goes unchallenged, and the government continues to pursue the goal of comparative advantage in the international market, then unemployment will continue at its present unacceptable level and there will be both more need and less resources for welfare programs. One way to challenge that power is to adopt a social democratic strategy, which calls on the state to "meet Canadians' needs" (understood to be general throughout the population). Perhaps a more effective challenge would be to insist that communities within Canada—groups now oppressed along the axes of race, gender, class, region, culture, ability, etc.—should articulate their needs and, in negotiation with other groups, develop appropriate development strategies and institutions to meet those needs. A shift to this strategy would entail adoption of a notion of social well-being which stresses the personal development of self-determining people within the context of mutually supportive and respectful communities. A new sense of equality, which highlights respect for differences, is also implied. Institutionally, this would call for a universal income supplementation scheme which would encourage experiment within a variety of communities to articulate needs and develop local enterprises to meet those needs with goods and services.

NOTES

1. Ken Battle and Sherri Torjman, *Federal Social Programs: Setting the Record Straight* (Ottawa: Caledon Institute of Social Policy, 1993); Ken Battle and Sherri Torjman, *Opening the Books on Social Spending* (Ottawa: Caledon Institute of Social Policy, 1993); Sherri Torjman, *Fiscal Federalism and You* (Ottawa: Caledon Institute of Social Policy, 1993).

2. Armine Yalnizian, *Defining Social Security, Defining Ourselves: Why We Need to Change Our Thinking Before It's Too Late* (Ottawa: Canadian Centre for Policy Alternatives, 1993).
3. Ecumenical Coalition for Economic Justice, *Reweaving Canada's Social Program: From Shredded Safety Net to Social Solidarity* (Toronto: ECEJ, 1993).
4. Marcia Rioux, Michael Bach and Leon Muszynski, *Social Well-Being: A Paradigm for Reform* (Toronto: The Roeher Institute, 1993).
5. Battle and Torjman, *Opening the Books*, p. 23.
6. Ibid.
7. Battle and Torjman, *Federal Social Programs*, passim.
8. Caledon has shed further light on this peculiarly Canadian way of changing welfare programs with its commentary on fiscal federalism. Sherri Torjman, *Fiscal Federalism and You* (Ottawa: Caledon Institute of Social Policy, 1993).
9. Battle and Torjman, *Opening the Books*.
10. But see the calculations of Mimoto and Cross, which states that social spending as a percentage of GDP has fallen in recent years. H. Mimoto and P. Cross, "The Growth of the Federal Debt," *Canadian Economic Observer* (June 1991) 3.1–3.18.
11. Battle and Torjman, *Opening the Books*, p. 13.
12. Battle and Torjman, *Opening the Books*, p. 24.
13. Ibid.
14. ECEJ, *Reweaving Canada's Support Programs*, p. 96.
15. Yalnizian, *Defining Social Security*, p. 10.
16. Yalnizian, *Defining Social Security*, pp. 21–22.
17. Ibid.
18. ECEJ, *Reweaving Canada's Social Programs*, pp. 1–2.
19. Ibid.
20. See Mimoto and Cross (note 10), especially Table 1. Using data from the Financial Management System, which differs from the Public Accounts, they establish that while social spending as a percentage of GDP rose to a high of 11.1% in 1983-4, it had dropped by 1990–91 to the level of 1973–74. By contrast, service on the debt had risen from 2.2% of GDP in 1973–74 to 6.1% in 1990–91. I would have been happier if they had separated out from the total what would have been the debt service charge had real interest rates remained at 2%—the level which most economists say should be the long-term normal. That is, the total spent on debt service has included extra money because of the Tories' tight money policy which drove the real interest rate as much as 6 percentage points above its long-term norm. (The *Globe and Mail, Report on Business Magazine*, February 1994, p. 35, gives the real interest rates from 1986–93; the annual rate averaged more than 5.25% and in 1990 was over 8.25%.) To use only this extra debt service charge would tie the deficit more clearly to the government's own monetarist policies, which, along with the tax expenditures, are evidently dependent upon the ideological pressure of the BCNI and other business lobby groups.
21. Yalnizian, *Defining Social Security*, p. 1.

22. Wien reports that the labour productivity growth in Canada fell from 2.0% during the period 1960–79 to 1.5% during the period 1973–87; this latter was the third-worst rate in OECD countries. See also Wien, *The Role of Social Policy in Economic Restructuring* (Halifax: IRPP, 1991), pp. 9, 16.
23. Leo Panitch and Donald Schwartz, *From Consent to Coercion: The Assault on Trade Union Freedom* (Toronto: Garamond Press, 1985).
24. Patrick Kerans and Glenn Drover, "Welfare and Claimsmaking: Theorizing about Everyday Practice," *Praxis International* (1993) 13:2 172–91.
25. Fritz W. Scharpf, *Crisis and Choice in European Social Democracy* (Ithaca: Cornell University Press, 1991), p. 58.
26. Ibid, p. 274.
27. Jim Harding, "Jobs, but Not at Any Cost: Economic Growth and Ecological Decline," in Graham Riches and Gordon Ternowetsky, eds. *Unemployment, Social Work and Social Policy: A Challenge for the Human Services* (Toronto: Garamond Press, 1990). Wayne Roberts, John bacher and Brian Nelson, *Get a Life! A Green Cure for Canada's Economic Blues* (Toronto: Get a Life Publishing House, 1993).
28. Hum gives a telling example of how the shift in real power, giving rise to newly effective distributive claims, has brought about a shift in technical economic jargon. Opponents of a GAI which, would keep people out of poverty, couched their objections for a long time in terms of disincentives to work ("elasticity of labour supply"). Derek Hum, "Exchange-Speak, Social Welfare Claims and Economic Policy Discourse," in Glenn Drover and Patrick Kerans, eds. *New Approaches to Welfare Theory* (Aldershot: Edward Elgar, 1993). When it was empirically demonstrated by Hum and Simpson that there is no significant disincentive, the opponents began to talk of a "marginal excess burden of taxation" — a burden which would, of course, have to be carried by the already overloaded owners of capital. Derek Hum, and Wayne Simpson, Income Maintenance, Work Effort, and the Canadian Mincome Experiment. A Study prepared for the Economic Council of Canada (Ottawa: Ministry of Supply and Service Canada, 1993).
29. Yalnizian, *Defining Social Security*, p. 5.
30. Ibid.
31. A good example of this viewpoint, bolstered by cross-national comparisons, is Goran Therborn, *Why Some People Are More Unemployed Than Others: The Strange Paradox of Growth And Unemployment* (London: Verso, 1986).
32. Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990), pp. 197–206.
33. ECEJ, *Reweaving Canada's Social Programs*, p. 55.
34. Ibid.
35. Ibid.
36. Marjorie Cohen, "Exports, Unemployment and Regional Inequality: Economic Policy and Trade Theory," in Daniel Drache and Meric Gertler, eds. *The New Era of Global Competition: State Policy and Market Power* (Montreal and Kingston: McGill-Queen's University Press, 1991), pp. 84–93.

37. ECEJ, *Reweaving Canada's Social Programs*, pp. 57–58.
38. Ibid.
39. Rioux et al., *Social Well-Being*, pp. 48–49.
40. Ibid.
41. Ibid, p. 23.
42. Kerans and Drover, Welfare and Claimsmaking, p. 175.
43. Rioux et al., *Social Well-Being*, p. 41.
44. Ibid, p. 34.
45. See, for instance, Lane who tells the story of the deaf fighting the "infirmity model" of deafness which has been used to "colonize" and "oppress" them. Harlan Lane, *The Mask of Benevolence: Disabling the Deaf Community* (New York: Knopf, 1992).
46. Compare for instance, Harding, and Harding and Hintikka. Sandra Harding, *The Science Question on Feminism* (Ithaca: Cornell University Press, 1986); Sandra Harding and Merill Hintikka, *Discovering Reality: Feminist Perspectives on Epistemology, Metaphysics, Methodology and Philosophy of Science* (Dordrecht: Reidel, 1983).
47. Jane Jenson, "De-constructing Dualities: Making Rights Claims in Political Institutions," in Glenn Drover and Patrick Kerans, eds. *New Approaches to Welfare Theory* (Aldershot: Edward Elgar, 1993).
48. The Reform Party, for instance, taking its cue from the right wing in the U.S., harps repeatedly on the theme of individual Canadian citizenship.
49. Bradfield, grappling with the same problem, asks "Is it development if it doesn't entitle, enable, and empower?" in Micheal Bradfield et al. *Economic Development: Alternative Policies/Atlantic Possibilities* (Ottawa: NUPGE, 1992), p. 34.
50. ECEJ, *Reweaving Canada's Support Programs*, p. 49. See also Marilyn Waring, *If Women Counted* (San Francisco: Harper, 1988).
51. Phipps compares in rich detail the transfer programs for families with dependent children in Australia, the U.K., Sweden Germany, the U.S., and Canada. Shelley Phipps, International Perspectives on Income Support for Families with Children. Paper prepared for the Canadian Employment Research Forum, Workshop on Income Support. Ottawa, September 24, 1993.
52. Esping-Andersen, *The Three Worlds*, p. 155.
53. Sylvia Ann Hewlett, *A Lesser Life: The Myth of Women's Liberation in America* (New York: Morrow, 1986).
54. Esping-Andersen, *The Three Worlds*.
55. National Council of Welfare, *Guide to the Guaranteed Income* (Ottawa: National Council of Welfare, 1976).
56. House Commission, *Building on our Strengths: Report of the Royal Commission on Employment and Unemployment* (St. John's: Queen's Printer, 1986).