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introduction

Welfare originally was established as a program of last resort for people with no other source of support. But welfare has moved a long way from its original purpose. It has evolved into a front-line defence for millions of Canadians who have lost their jobs, who no longer qualify for Unemployment Insurance (UI) or who have exhausted their UI benefits.

Welfare is a demeaning program that pays only a meagre living stipend. So the goal of moving people off welfare - or even keeping them off the system in the first place - is not in question. No one would dispute the need to reduce provincial welfare caseloads. Rather, the great debate arises around the means to achieve this end.

There are basically two major lanes on the highway to welfare reform. The first takes the form of work-for-welfare, commonly known as 'workfare.' Workfare holds many different meanings and has been used rather loosely to refer to a range of different programs. In fact, its meaning shifted over time as it became an increasingly popular item on the public agenda. [1]

Strictly speaking, *workfare* means that people who receive financial aid through welfare are required to perform compulsory labour or service as a condition of their assistance. The traditional definition of workfare refers to *mandatory* participation in a *designated* activity.

The second path to welfare reform involves a *human resources strategy* which seeks to move recipients off welfare by investing in skills development, job creation and social supports. This paper describes the fundamental distinction between a workfare approach and a human resources approach to welfare reform.

The Caledon Institute opposes the narrow workfare concept which is mandatory and generally involves only a single program option - a one-size-fits-all solution. We do, however, support a human resources strategy which is marked by four key features.

First, a human resources strategy is voluntary (the controversial issue of mandatory versus voluntary approaches is discussed more fully later). A human resources strategy is based on the assumption that there is no need for a compulsory approach. If a program provides real opportunities, then welfare recipients will want to participate willingly. Moreover, a mandatory approach is inconsistent with a human resources strategy because the former forces welfare workers into the role of 'welfare police' rather than supportive counsellors.

Second, a human resources strategy provides a range of options including job search, academic upgrading and skills training, and employment creation. It also ensures that appropriate supports are in place - notably high-quality, affordable child care and transportation subsidies - so that recipients can move off welfare.

Third, a human resources strategy is not simply a 'welfare' program that falls within the sole purview of the social services minister. Rather, it represents a concerted effort with all relevant departments such as justice (concerned with child support payments), education (responsible for education and training), industry (concerned with job creation) and labour (responsible for work conditions) making their respective contributions to a broadly-based government strategy.

Finally, and most importantly, a human resources strategy respects human rights. It promotes - not destroys - human dignity and well-being.

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background

Work-for-welfare is not a new idea. To the contrary, its roots can be traced to the Elizabethan Poor Laws of 16th century England which brought in workhouses for destitute people considered able to work [Struthers 1996].

But workfare is now a hot topic in late 20th century Ontario. As a campaign promise, it proved to be a bestseller for the Ontario Conservatives. Many voters are fed up with perceived excesses and inappropriate government expenditure. A 1994 Gallup Poll reported that 86 percent of Canadians are in favour of making people on welfare go to work [Evans 1995:6]. Politicians who pledge to address welfare abuse are almost certainly guaranteed an 'x' in the polling booth.

The promise of workfare is only one in a string of actual and impending changes to welfare in Ontario. The first attack came in October 1995 in the form of a 21.6 percent across-the-board reduction in benefits; only persons with disabilities and seniors receiving benefits under the GAINS-D (Guaranteed Annual Income for the Disabled program) were exempt from the cut. Thousands of households are still reeling from this cut whose magnitude is unprecedented in the history of income security in Canada. Food banks and shelters are major growth industries in some parts of the province - although they barely can cope with the heavy demands created by such a massive slash in welfare benefits.

Rumours abound that more changes are in the offing - up to 6,800 welfare workers may be laid off, a guaranteed support plan for people with disabilities could be introduced under the auspices of the Ministry of Health and single parents may soon dial into a touch-tone eligibility system [Toughhill 1995:A1]. But the Minister of Community and Social Services dismissed the report that heralded these changes as "totally unfounded" [*Globe and Mail* 1995:A2C].

What is not the least bit uncertain is the Tories' intention to introduce workfare - having made this a central promise in their election campaign. And recent federal policy changes create a perfect backdrop to the workfare stage.

The most notable of these changes comes in the form of a federal budget law which removes the national legislative base for welfare.[2] Ottawa shares with provinces in the cost of welfare and social services under the Canada Assistance Plan (CAP) introduced in 1966. The Act requires provinces to pay financial aid to applicants who qualify on the basis of need. This means that their liquid assets (e.g., cash, bonds) have to fall below certain levels; in some provinces, the value of their fixed assets (e.g., house, car) also cannot exceed designated levels. In addition, their income might be too low to meet their basic and/or special needs (usually in the form of health- or disability-related conditions).

But the Canada Assistance Plan is dead in all but name. Its demise was assured by two unilateral federal actions: the cap on CAP announced in 1990[3] and the 1995 federal Budget which introduced the Canada Health and Social Transfer (CHST). The CHST will replace CAP and the Established Programs Financing arrangement for health and postsecondary education with a single block fund for health, postsecondary education, welfare and social services. Because there is no cost-sharing intended explicitly for welfare and social services, there is no guarantee that federal funds will be spent for these purposes.

The death of CAP means that the protections inherent in that legislation will be lost. The Budget did announce that CAP residence prohibitions would continue in the CHST - i.e., provinces cannot require a certain period of residence in that jurisdiction before an individual or family can apply for welfare. The residence prohibition is intended to prevent the creation of interprovincial barriers for people. But the BC government's recent challenge to the residency rule raises questions as to whether it actually can be enforced. The Caledon Institute has argued elsewhere that Ottawa's ability to uphold any conditions in the CHST is seriously impaired by declining and potentially disappearing federal cash transfers [Battle and Torjman 1995:7-10].

The CAP dismantling means the loss of two key legislative provisions - in the areas of need and appeals. With respect to need, CAP ensured that Canadians who lack resources can qualify for financial assistance on the basis of need, regardless of the cause of that need.

It is important to note that CAP did not prevent provinces from requiring some form of training or job search. In fact, all jurisdictions expect people who are considered able to work to look for a job. While there is no commonly accepted definition of 'employable,' it generally has been interpreted to exclude persons with severe disabilities and single parents with very young children (the precise age of the children varies by jurisdiction).

In a recent review of workfare programs, York University Professor Patricia Evans notes that "individuals considered 'employable' cannot voluntarily place themselves 'in need' and typically must satisfy the provincial administrators that their unemployment is beyond their control and that they are making reasonable efforts to find paid work. So the CAP interpretation has always been compatible with a job search requirement and necessary acceptance by the recipient of suitable employment" [1995:6].

Alberta, for example, expects all welfare applicants to participate in a planning process to discuss their training and employment options. Ontario's General Welfare Assistance Act and its Regulations (which apply to persons considered able to work) require recipients to search for work or accept a reasonable job offer unless they are exempted because of voluntary participation in educational upgrading or training.

The bottom line was that CAP assured at least a minimal income. Welfare recipients could not be denied financial assistance if they chose not to participate in a designated program approved by the province. They may have qualified for less money - but at least they received something. In Quebec, for example, employable single persons and single-parent 'non-participants' receive $150 less per month in welfare benefits than those participating in some form of training or job-related activity.

The loss of CAP invariably means that provinces will be free to provide financial assistance to whichever 'deserving' applicants they choose. There is no longer any guarantee of a safety net in Canada.

The face of welfare already has started to change dramatically throughout the country. Several provinces are actively seeking or have introduced ways to keep people off welfare or to move them out quickly once they are on the system. Moreover, it is uncertain whether provinces will continue to provide any financial aid to employable people who are not participating in a designated activity (though some provinces waive the participation requirement in the event of extenuating circumstances such as temporary illness or disability). There may no longer be any financial aid - without attached strings - for employable people.

In considering the various paths to welfare reform, provinces can take one of two basic routes: a workfare approach or a human resources approach. Both strategies may result in smaller welfare caseloads. But the underlying philosophies of these strategies and corresponding program designs are quite different.

the workfare approach

The Ontario Tories are in the throes of designing a workfare program. While the details of the scheme have yet to be announced, the Minister of Community and Social Services has indicated that the program will include both a 'learnfare' and a 'workfare' component.

The learnfare part will focus on education and training. Participation will be compulsory. Those who don't want to participate (and presumably those who have trained but have not yet found employment) must sign up for the workfare component. The workfare dimension essentially provides a corps of labour that will be required to perform various forms of 'community service.'

Community service refers to two major types of activity. It involves municipal tasks such as cleaning roads, clearing brush, shovelling snow or picking up garbage. It also entails the placement of welfare recipients in voluntary organizations, such as social agencies and service clubs. At a recent workfare conference, the Minister of Community and Social Services talked about the possibility of requiring welfare recipients in social housing projects to form safety patrols and "to improve the atmosphere by painting the walls." [4]

problems with the workfare approach

The implementation of a mandatory approach which requires a designated activity is objectionable for several reasons. In theory, it could be argued that welfare recipients should be expected, like everyone else in society, to do something in return for their benefits - especially to become involved in training and upgrading that would enhance their skills and improve their chances to move off welfare into the workforce. And if true opportunities to enhance skills or real jobs actually are available, then it is difficult to oppose a mandatory requirement to participate. The problem is that the theory of the ideal world breaks down very quickly in practice.

One problem is that if governments set requirements for certain behaviours, then they must be in a position to play their part in the obligation they impose. If they cannot deliver sufficient 'real opportunities' (discussed below) for employable recipients - a probable scenario in Ontario given the limited investment the province is likely to make - then a mandatory system is patently unjust. There would never be enough placements to meet the demand. Several thousand service club 'jobs' could never accommodate the estimated 500,000 employable welfare recipients in Ontario. It would be grossly unfair to put in place a compulsory work requirement if, in fact, the province itself was unable to ensure an adequate supply of work or training placements.

Second, a mandatory program must be accompanied by checks and balances in the form of an appeal system or some other objective review. As earlier described, appeal systems throughout the country have become increasingly vulnerable with the introduction of the Canada Health and Social Transfer that removes the legislative requirement for such a safeguard for recipients' rights.

Third, a mandatory system is framed on the implicit assumption that welfare recipients themselves are responsible for their lack of work. In a high unemployment economy, it is incorrect to assume that most individuals are unwilling to work. Governments may find that they wish to institute a mandatory scheme in the event that a voluntary one fails. But they certainly should not assume in the first instance that a guilty-until-proven-innocent approach is the way to reform welfare.

The links between unemployment and welfare are clear and direct. Figure 1 shows how welfare caseloads (measured here as welfare recipients as a percentage of the population) reflect changes in the unemployment rate. The effects on welfare caseloads of the severe recessions of the early 1980s and 1990s are clear.

Ontario has been hit especially hard in recent years; its manufacturing base was decimated in the most recent recession which combined a cyclical downturn with a fundamental restructuring of economic production. Figure 2 shows the rise and fall in employment in the manufacturing sector from 1976 to 1994; there was a large job loss after 1989, with only a weak recovery between 1993 and 1994. (The good news is that the unemployment rate in Ontario finally has started to drop; it has been 8.3 percent since July 1995 - lower than the national average of 9.4 percent.)

But all sectors of the economy suffered in the recent recession. In 1989, 5,241,000 Ontarians were employed. By 1993, this number had fallen to 5,089,000 - a drop of 152,000 employed persons.[6] The jobs picture brightened somewhat in 1994, a boom year during which the economy created 380,000 new jobs (although many were part-time); net employment creation in 1995 was 88,000 jobs, virtually all of which were part-time [Statistics Canada 1996:A3].

One of the most striking images of 1995 was the estimated 25,000 people who lined up in the bitter cold when General Motors announced that it was revving up its assembly line in Oshawa, Ontario. Ironically, there was no new hiring as a result of this employment call; "market forces, the lack of expected

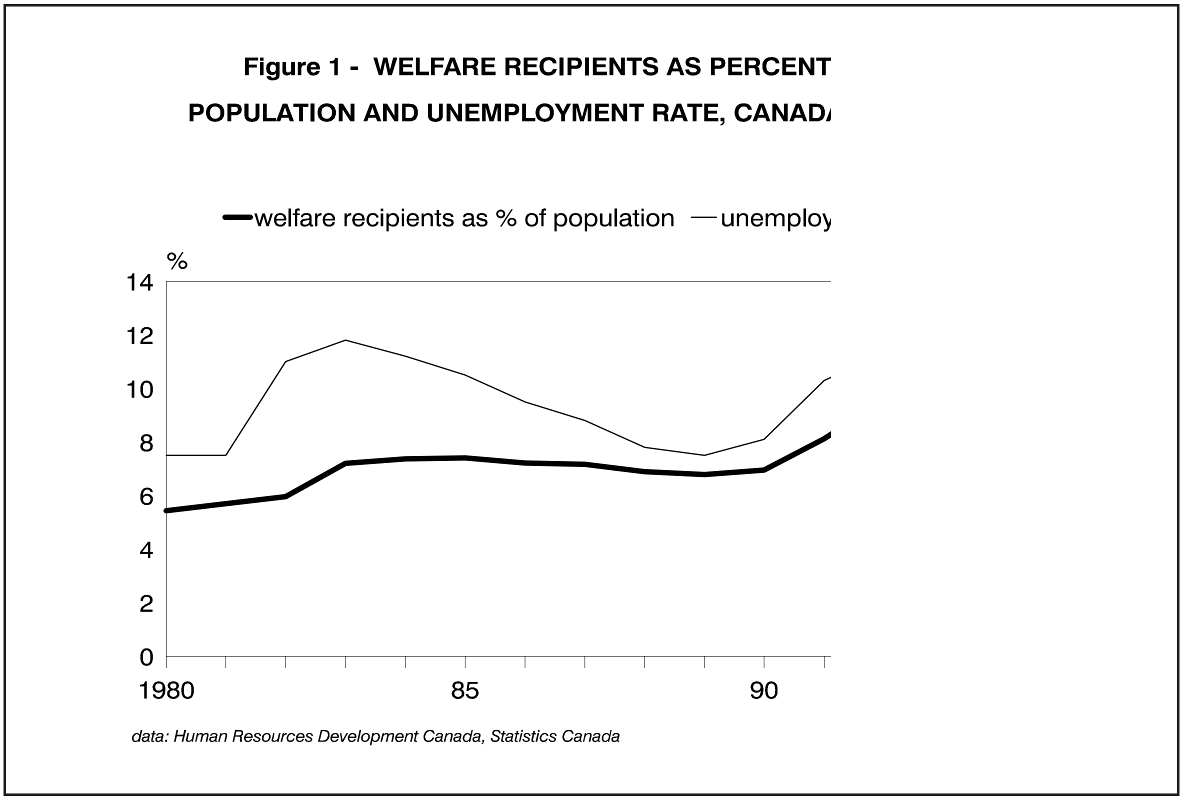

Figure 1 - WELFARE RECIPIENTS AS PERCENT
POPULATION AND UNEMPLOYMENT RATE, CANADA
welfare recipients as % of population
unemploy
%
14
12
10
8
6
4
2
0
1980
85
90
data: Human Resources Development Canada, Statistics Canada

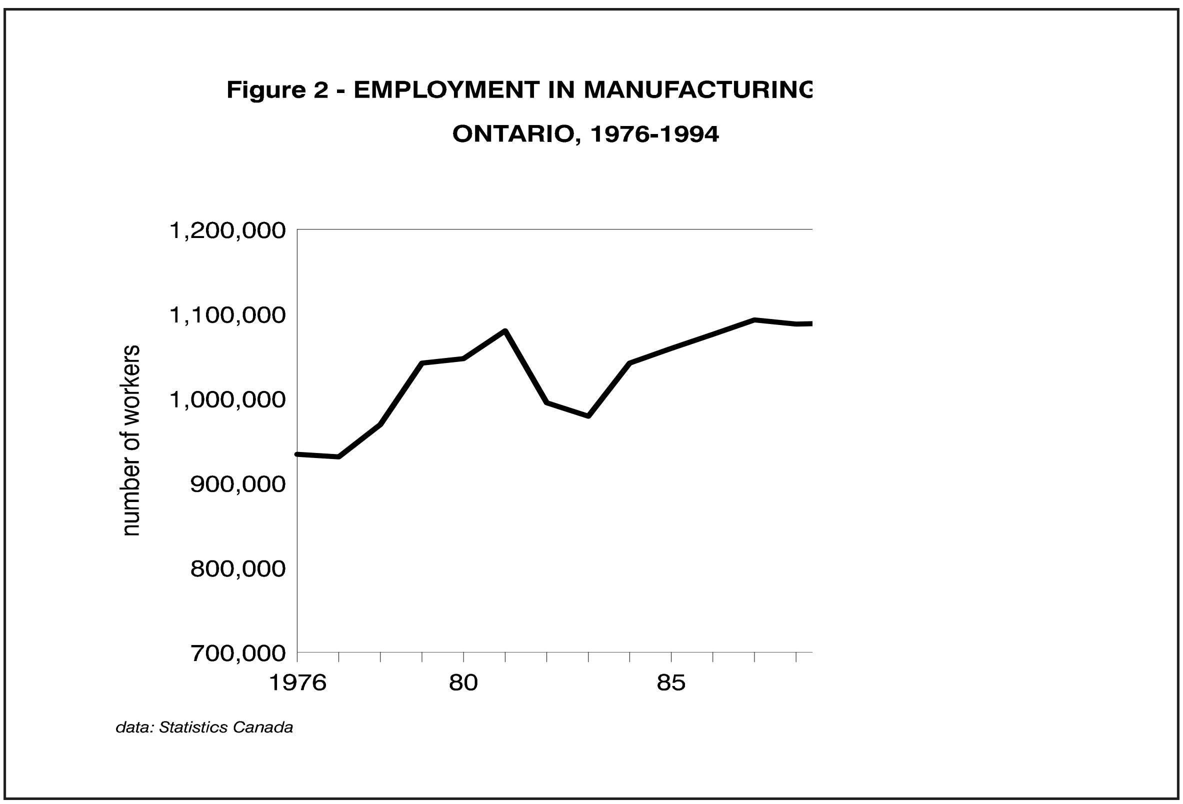

Figure 2 - EMPLOYMENT IN MANUFACTURING
ONTARIO, 1976-1994
1,200,000
1,100,000
1,000,000
900,000
800,000
700,000
number of workers
1976
80
85
data: Statistics Canada

job attrition and the downsizing of the workforce at other GM Canadian operations meant that not one new employee was hired in 1995" [Josey 1996:A4]. And Toyota Motor Manufacturing Canada based in Cambridge, Ontario recently has received 11,000 resumés for 1,200 jobs slated to open this year [Keenan 1996:B5].

It is also important to bear in mind that many unemployed workers are on welfare because they no longer qualify for Unemployment Insurance (UI). In Ontario, only 33 percent of the unemployed currently receive UI; successive cuts to the program over the past decade mean that these workers are either ineligible for the program or they already have exhausted their benefits. This is not surprising - given the fact that the average duration of unemployment has more than doubled over the past two decades from 12 to 26 weeks.[7] The maximum length of time for which UI benefits can be collected, by contrast, has been reduced several times in the last few years [Battle and Torjman 1993a:13-14]. The proposed Employment Insurance Act would cut the maximum duration of benefits yet again from 50 to 45 weeks.

The high rates and prolonged duration of unemployment make a punitive approach to welfare reform entirely inappropriate. Welfare recipients are Canadians who need paid, decent work - the latter an increasingly rare commodity. Many recipients on the current caseloads are highly educated people with solid work experience and impressive credentials; a recent press report referred to 1,308 welfare recipients in Metro Toronto with a Ph.D. or Master's degree [Crawford 1995:B5]. A poignant personal story sums up the reality of many young, well-educated unemployed workers.

> I've flogged my résumé at about 150 different newspapers, government agencies and communications departments in the seven months since I became unemployed. I've had one interview. Right now, I make about $450 a week working on a Job Creation project sponsored by Human Resources Canada. It's not bad for a guy with five years professional experience and a graduate degree in journalism. Certainly it's not as good as some of the staff wages at the CBC or the wire services and daily newspapers across the country, but it makes ends meet. If I can't find work by February, however, that money will run out and I'll be surviving on $395 a month. That's welfare [*Globe and Mail* 1996:A18].

In short, the root of the welfare problem lies in the fact that there is not enough work in Ontario or throughout the country. Unfortunately, empirical evidence carries little weight against emotional artillery. Hard facts pale in the face of hard attitudes - which appear blind to this fundamental economic reality.

And obligatory anything costs money. An inordinate number of limited dollars would be spent on monitoring and enforcement in a mandatory approach. In the context of tight dollars, it is preferable to use scarce resources on investment rather than policing activities. Moreover, depending on the design of the program, mandatory workfare might violate the United Nations *Covenant on Social, Economic and Cultural Rights* which Canada and the provinces signed in 1976. The *Covenant* states that employment must be freely chosen.

Another concern arises in relation to the safety of the 'jobs' that workfare participants are expected to carry out. Welfare recipients are often sent into work environments without adequate health and safety protections. Recipients engaged in any form of community service that entails municipal work are at particular risk. In one New Brunswick program, for example, an account of disabling injuries issued by the provincial Workman's Compensation Board cited a 'beautification' initiative which reported 67 accidents including several chainsaw cuts and one drowning [Mullaly 1995:12]. The concern for worker health and safety is especially acute in provinces with governments that see regulatory provisions for work environments as impediments to the free market.

Ideally, any program intended to help people move into the labour market - such as it is - should provide a wide range of positive incentives and real opportunities. Moreover, the program can be voluntary because few people will refuse real opportunities to improve their life circumstances. Professor Evans notes in her review of welfare-to-work programs that “the issue is how to provide enough places for all the willing participants, not how to ensure that the unwilling participate” [Evans 1995:8].

Another concern is that a mandatory system is inconsistent with a human resources approach. Welfare workers would become welfare police - spending their scarce time checking up on people rather than providing required supports or developing employment opportunities. Professor Evans argues that the presence of workfare “is likely to divert time and energy that could be much better spent on ensuring that employment opportunities are available for social assistance recipients” [1995:6].

While there may be a small minority who choose not to participate in whatever initiative Ontario decides to introduce, it is wasteful and inappropriate to set up the entire program on a mandatory basis. Mandatory makes no common sense - at least, wasn’t that the argument the Ontario government used when it dismantled the compulsory employment equity law?[8]

A mandatory approach may please a generally hostile public eager to set stricter controls on hard-earned tax dollars. But the approach would be based on less-than-convincing evidence as to its effectiveness. In the rush to cure welfare recipients of their apparent aversion to work and their ‘cycle of dependency,’ the New Crusaders should dismount for a moment from their high horses to examine whether workfare actually works.

A review of workfare programs in the United States found that low cost, ‘broad coverage’ programs which have mandatory work and job search requirements but provide limited counselling or training have little success in helping people find full-time jobs and almost no success in improving the quality of employment. While the programs may save money in the short run by cutting people off welfare, they do not improve the long-term employability of the participants. The people cut off eventually return to welfare or turn to some other program for assistance, thereby merely shifting the responsibility and associated costs to another level of government [Richards and Vining 1995:20].

Other reviews find the evidence on work-for-welfare programs to be mixed and inconclusive. The findings are often contradictory with both positive and underwhelming results; “studies have found substantial variability in the success of states implementing work-focussed mandates” [Gueron 1995b:9].

The literature also indicates that compulsory community service for no pay is a bad idea - and a soon-to-be poor law in Ontario - not only from the viewpoint of the individual but also from the perspective of the recipient organization. From the individual viewpoint, community service has marginal benefits. One could argue that, in theory, it helps welfare recipients acquire work-related skills “by increasing the self-discipline, social contacts and skills of participants” [Besharov 1995:19]. But the underlying message is that welfare recipients’ labour is worthless - that they are not entitled to a wage for their work.

Moreover, the proposed placement of people in community service jobs is an unfair burden on voluntary organizations struggling to cope with reduced budgets, overworked staff and stressed-out volunteers. Most of these organizations themselves are scrambling to deal with the fallout of government cuts. And in many cases, the work carried out by volunteers requires training, supervision and expenditure on equipment and liability insurance. The Kiwanis and Rotary Clubs have indicated that they were not pleased with the government’s plan to involve service clubs - with no prior consultation - in its workfare scheme.

Most importantly, the community service approach creates a pool of poorly-paid, marginalized workers who can be used as a source of cheap labour. If there is a real need to carry out some of these ‘public good’ jobs, such as cleaning highways or sweeping streets, then workfare participants should be hired as municipal workers and paid a real wage rather than welfare benefits.

Community service also can displace workers who are already employed so that there is actually a *loss* of jobs. There is considerable evidence to support this concern.

This 'displacement effect' was apparent in a New York project in which a group of sanitation workers was laid off and became eligible for welfare. Within two months, they were performing the same tasks as when they were employed; the difference was that they were now on workfare [OMSSA 1995:5].

Sweden ran a successful program in the 1980s in which unemployed workers received counselling and 80 percent of their previous wages from the first day of unemployment. If a participant could not find a private sector job after one year, then a state job would be provided. The program worked well when the unemployment rate was three percent, but no longer could be sustained when the rate rose in the early 1990s [*The Economist* 1993:64]. Rather than hiring recipients unable to find jobs in the private sector, the government decided instead to subsidize jobs in the private sector. Gradually, the private sector began to replace employees with subsidized labour [*The Economist* 1993:64].

Here at home, workfare programs that had been in effect in Ontario prior to the introduction of CAP in 1966 used the cheap labour of welfare recipients to shovel snow, clear brush and do road work. These placements "improved neither the skills nor the employability of the participants; moreover, municipalities actually traded their regular employees for welfare recipients" [Ontario Network 1995:3]. More recently, in Red Deer, Alberta, a hospital laid off full-time nursing assistants who were paid $12 an hour and replaced them with welfare recipients paid $6 an hour on the Alberta Community Employment Program [NAPO 1995a:5]. Several employers involved in the PAIE (*Programme d'aide à l'intégration en emploi*) wage subsidy program in Quebec used the 'cheaper' labour obtained through the program instead of hiring new employees [Reynolds 1995:22].

In short, while community service appears at first glance to be a 'value-for-money' program, it can be a code for cheap labour. Community service that is simply mandatory and that makes no real attempt to match individuals with jobs or provide some learning and skills development, and that shows no concern as to whether it replaces real jobs, exemplifies a true workfare approach; it does virtually nothing to enhance employability in the long run. "To the extent that work experience participants replace other workers, or diminish the need to hire waged workers, they may simply provide an added push to the revolving door of low-wage employment" [Evans 1995:8]. In recognition of this problem, several community agencies throughout Ontario and the City of Ottawa officially have declared themselves as 'workfare-free zones.'[5]

What we do know for sure is that work-for-welfare programs tend to succeed in areas with healthy economies. The Massachusetts Employment and Training Program returned a substantial portion of welfare recipients to work; it owes its success to the strong economy of the region and to the fact that, at the time, Massachusetts had the lowest unemployment rate of any large industrial state [Ontario Network 1995:9]. A workfare program that operated in San Diego from 1985 to 1987 found modest improvements in placing welfare recipients in jobs. Its success was due primarily to its emphasis on job search activities and to the low unemployment rate in that region [National Council of Welfare 1995:5].

Finally, a mandatory approach is inappropriate for people who genuinely require social assistance for a short time. They may be temporarily disabled or have a child or parent with an illness or disability. They may be victims of family violence. They do not need retraining or community service to hone their skills. They just require some short-term financial aid to help them through a difficult period in their lives. But this form of income assistance may not be available in the new sing-for-your-supper world.[9] And welfare for people considered employable is being cut at the same time that UI is shrinking further. The holes in the tattered safety net are growing larger.

Any strategy truly designed to help welfare recipients enter or re-enter the labour market should include a range of measures focussed both on employability and the labour market. In an overview of welfare-to-work programs, Professor Evans concludes that: "Workfare, in the sense of increasing the obligations of social assistance recipients to take up education, training or community service as a condition of their entitlement, resonates in a political and economic environment that has identified social programs, rather than unemployment, as a major culprit in increasing both individual 'dependency' and the deficit. However, this review of the practices, trends and issues related to workfare suggests that 'making people work' is not the direction in which we should be channelling our limited resources" [Evans 1995:10].

ii. the human resources approach

A human resources strategy is the other route to welfare reform. This strategy is built not only on the principle of voluntary participation. It is also framed within a supportive context built on choice and a range of options.[10]

There are two major streams of activity within a human resources strategy. The first involves employability measures that focus upon the skills of individuals. The second group of options focusses upon the labour market side of the equation.

a. employability measures

The purpose of employability measures is to enhance an individual's ability to find and keep a job. Measures designed as an investment assume that different types of interventions are required depending upon the interests, knowledge, skills and experience of each person. An accurate initial assessment of need is essential.

The Ontario Municipal Social Services Administrators support an individualized approach. They contend that "an individualized case management approach, integrated into a workfare/learnfare strategy and coupled with necessary support services, would be particularly effective in aiding participants eventually to achieve self-sufficiency through meaningful employment" [OMSSA 1995:4].

The prototype of this approach was put forward in the *Transitions* report on welfare reform in Ontario which proposed 'opportunity planning' as "the means by which recipients are enabled to make the transition from dependence to self-reliance" [SARC 1988:206]. The opportunity planner and welfare recipient would develop an action plan that builds on the individual's existing skills and strengths and is consistent with available resources and opportunities. The jointly developed plan would take into consideration the recipient's longer-term goals and aspirations and identify the activities, services or programs that might enable the recipient to attain his or her personal goals.[11]

There is a range of employability measures. *Information and referral* services can help job seekers make contact with prospective employers. *Job readiness* includes interview skills, résumé writing and job search information. Sometimes welfare recipients lack the means to make a job contact - e.g., they have no phone to establish an interview; they have no access to a computer or printer to type up and run off a résumé. Some of the jobLink resource centres that already have been set up throughout Ontario provide access to information, materials and equipment. These centres are now concerned they will not survive provincial budget cuts - an apparent contradiction between what the government says it wants to accomplish and what it actually might do.

Personal development courses are another set of measures along the continuum of employability options. These courses include stress management and coping strategies, problem solving, assertiveness skills, time management, life skills and career exploration.

Apprenticeships (also referred to as 'job shadowing') involve the assignment of unemployed individuals to designated workers who act as role models and mentors. This approach has been found to be particularly helpful for immigrants who may be learning a new language and about a new culture. The potential problem with apprenticeships is that they can be abused and become, in effect, a guise for cheap labour if the placements are unpaid or pay very low wages. Strict guidelines are needed to ensure that this employability measure is used appropriately.

Academic upgrading and skills training play a key role in helping people acquire work-related skills. Academic upgrading can include literacy training, basic computer skills, high school equivalency and English/French as a second language. Skills training entails both classroom and on-the-job training; the latter has proven more effective for acquiring marketable skills. In November 1995, Metro Toronto proposed a program of voluntary on-the-job training as an alternative to welfare.[12]

b. labour market measures

The second stream of options in a human resources strategy addresses the labour market side of the equation. It includes three key components: wage supplementation, community economic development and self-employment.

Wage supplementation involves the provision of an additional sum of money - or top-up - to wages that welfare recipients earn in the paid labour market. The top-up can be paid either to the employee or to the employer to offset labour costs. There are several problems with this measure which are outlined more fully later.

Community economic development (CED) is a much more positive approach to welfare reform. Of all the employability and labour market measures, it has the greatest potential to help people move off welfare and into work. CED is an umbrella term that encompasses a wide range of economic and social investment initiatives. These include small business development and the provision of start-up assistance and expertise.

Despite the various forms that CED can assume, it has two major purposes. First, it can provide capital in order to help unemployed workers invest in the tools and equipment required to set up businesses. The second major purpose of CED is to ensure technical knowledge and expertise for business development or self-employment.

In addition, CED has an important dimension that underlies the first two and that distinguishes it from other forms of job creation. CED has an explicit social purpose. It is concerned with human well-being. It provides social support and generally tries to meet needs, such as child care, or to accommodate special circumstances such as disabling conditions.

In some cases, prospective workers simply lack the capital to purchase start-up equipment. Non-profit organizations, such as the Community Opportunities Development Association (CODA) in Kitchener-Waterloo and the Montreal Community Loan Association, and private foundations, like the Canadian Women's Foundation and Calmeadow, have played a crucial role in providing access to capital for small business development.[13] Many credit unions also invest in community economic development.[14] Ontario itself had provided support to local organizations that were making available loans for community businesses; these funds are now in jeopardy as the province decides on the future of the loans program.

Self-employment is a viable option for some welfare recipients who simply need help with the initial costs of tools and equipment. In May 1995, Ontario's General Welfare Assistance (GWA) rules were modified to allow recipients trying to start a business to stay on welfare for a year and to keep $10,000 of their assets for start-up costs. Any new workfare program should maintain this policy. Not all welfare recipients need to be re-tooled; they simply need tools. But stories have surfaced lately that because of caseload reduction pressures, some applicants are being told to sell their work tools and to use the funds for their basic needs. Does this make any common sense?

Sometimes prospective workers face not a lack of capital but rather a lack of access to technical knowledge and expertise - in such areas as strategic planning, incorporation, accounting or marketing - to set up or run a business. Organizations such as CODA, RESO in Montreal,[15] West End Community Ventures in Ottawa[16] and the Human Resources Development Association of Halifax[17] have responded to this need by providing information and assistance in relevant areas of business development. CODA, for example, has set up a 10-week Self-Employment Assistance course which created 189 new businesses in two years. It also operates an Entrepreneur Club; for a small fee, members are offered a variety of goods and services such as group discounts on business products, advertising, insurance, accounting and marketing expertise.

A human resources strategy should not be developed as an isolated measure. A true investment in human resources requires the involvement of all relevant government departments including education and training; social services; health and labour (for occupational health and safety and other workplace protections); justice to ensure the collection of child support payments; and industrial or business development. Evidence from US and Canadian jurisdictions has found that successful workfare and learnfare were developed as more than simply 'stand-alone exit strategies' for welfare recipients [OMSSA 1995:7].

Moreover, employability and labour market measures are themselves of little value if the basic supports required to participate in the labour market (e.g., assistance for transportation costs) are not in place. A particular concern for working parents is the availability of high-quality, affordable child care. Quality, licensed care is essential not only to ensure that parents can participate successfully in their training or work-related experience but also to promote the healthy and safe development of children.

Despite the vital importance of this service, the Ontario government has cut the child care infrastructure. In July 1995, the province cancelled the special 100 percent provincial funding that had been in place for child care spaces associated with the jobsOntario Training program. The financing for these spaces reverted to the former 80-20 provincial-municipal cost-sharing. Close to 3,000 child care subsidies have disappeared as a result of municipalities' reaction to the loss of full provincial funding.[18]

problems with the human resources approach

The human resources strategy - though generally considered preferable to a workfare approach - raises several concerns when moving from theory to practice. These arise because of the many unanswered questions in the areas of program design, evaluation and financing.

i. program design

There are potential problems with respect to academic upgrading and skills training. The supply of high-quality, affordable programs is shrinking. Community colleges throughout Ontario have just announced that despite the strong demand for this training, they are paring programs and instructors in response to the 15 percent budget cut imposed by the provincial government.

Another question that arises in relation to this particular employability measure is "training for what?" This is where the labour market side of the equation comes into play. Many people argue that there is no point requiring that everyone be trained unless there are appropriate jobs at the end of the line. The Minister of Community and Social Services already has indicated that the traditional approach to training for a broad range of employment possibilities will no longer be acceptable - that skills training must be linked to labour market requirements. NB Works participants, for example, are being trained in such fields as aquaculture technician, medical/legal secretary, teleservice, registered nursing assistant, human resources counsellor and multimedia product development.

But while many voters are anxious to see recipients work for their welfare, these same individuals may object to academic upgrading and skills training as part of the soon-to-be-introduced workfare program. Overtaxed voters may complain that their hard-earned dollars already support schools and community colleges. A program which offers these opportunities free to welfare recipients may be perceived as inequitable - especially by people who must pay privately for these increasingly pricey commodities. The so-called inequity will become more profound as the costs of academic upgrading and skills training delivered at private institutes, community colleges and universities continue to climb - as they clearly did on the eve of the recent provincial economic statement.

Of the several measures on the labour market side of the equation, wage supplementation is the most controversial because it can be seen to sustain low-wage employment. As in the case of community service described under the workfare approach, wage supplementation can encourage job displacement in which employers replace wage-subsidized workers for those who come with no subsidy. The bottom line is that there is no net increase in employment. Moreover, wage supplementation works only when there are wages to supplement. A fundamental problem in many communities is the high rate and prolonged duration of joblessness.

In addition to job displacement, there is the problem of program replacement. Provinces often require welfare recipients to participate in some form of wage supplementation program for a certain period so that they can contribute to Unemployment Insurance (UI). At the completion of the work-related program, they are eligible for UI. While welfare caseloads may decline and this reduction is counted as a success, the former welfare recipients simply may be receiving benefits from another program. These individuals have not succeeded in finding real employment; the costs merely have shifted from one jurisdiction (i.e., provincial welfare) to another (i.e., federally-administered UI).

A perceived weakness of CED and self-employment approaches is that they confer only incremental benefits on neighbourhoods and communities. CED and self-employment are often perceived as marginal solutions to a massive problem - in December 1995, an estimated 517,000 adult recipients in Ontario were considered 'able to work.' These measures are not a 'General Motors' response to unemployment which can really kick-start the engine of a local economy when the company actually hires workers. But at least CED and self-employment provide opportunity in a world in which 'labour' is being removed increasingly from the 'labour market.'

The concern about equity is another potential problem in relation to both CED and self-employment. Questions no doubt will arise as to why the small business ventures of welfare recipients should receive government funding when those of 'regular' business people do not. The support of these ventures could be seen as an unfair subsidy to a particular, but not particularly deserving, group.

This potential problem is more than a theoretical concern. Both Ontario and the regional municipality of Ottawa-Carleton, for example, recently provided support for a community economic development venture. The initiative involved the creation of a local business that would hire welfare recipients to build furniture. The region would buy back the furniture for use by its clients. The business eventually ran into financial difficulty and had to close; part of the problem arose from the fact that cutbacks to the special assistance component of the welfare budget meant that the region could no longer purchase the same amount and range of furniture. The region was roundly criticized by several local small business owners for its part in this venture. They saw themselves competing with a company that could produce goods at lower cost not because the operation was more efficient but because the owners had preferential treatment. Needless to say, there is resistance to providing this form of support to other groups.

There are many other unanswered questions. If, for example, a welfare applicant receives self-employment assistance and the business fails, say, after 18 months, would that person be eligible for similar or related financial aid at that point? Would there be a limit to the number of times an individual could apply for assistance - like three strikes and you're out?

Or if certain participants are placed in a wage supplementation scheme, how long would the subsidy last? What happens, if by pure 'coincidence,' the participant gets laid off when the subsidy expires? Could he or she reapply for welfare or continued subsidy? Would there be restrictions on the period or number of times for which a given individual is eligible for some form of assistance?

Another problem inherent in wage supplementation arises from the long-term implications of the approach. Preliminary data on the wage supplementation Self-Sufficiency Programs in New Brunswick and British Columbia indicate that the average wage supplements are very large. "It is hard to see how individuals can, in three years when the supplement ends, have had these gradually replaced by the assumed increases to 'human capital' that the labour market is supposed to provide."[19]

It is not certain whether employable applicants will continue to have access to welfare benefits - simple cash with no strings attached - if they are temporarily disabled or require assistance in the event of a short-term problem - e.g., the illness of a child or parent. Some people may be temporarily 'functionally unemployable' because of a social problem, such as alcohol or drug abuse or family violence. Many welfare applicants and recipients do not need to be trained; they already have been trained. They simply cannot find work in their field. In many cases, they need financial assistance to tide them over until they find suitable employment. The loss of this form of emergency assistance could be serious - possibly even life-threatening in the event of family violence.

Finally, it is unlikely that an appeal system will be built into the new workfare world. As noted, the soon-to-be-defunct Canada Assistance Plan (CAP) requires provinces to have in place an appeal system that allows welfare recipients to question decisions regarding their cases. Appeal systems are important for welfare, in particular, because its inherent complexity and discretion leave the door wide open to administrative error and inconsistent treatment. Any program that provides income support - especially one that is highly individualized and selectively punitive - should have some form of external and public appeal procedure.

The Canada Health and Social Transfer that will replace CAP does not require provinces to have an appeal system. They will not necessarily dismantle their current procedures - although there are concerns that the Ontario Social Assistance Review Board is especially vulnerable.[20] But there is no longer any legislative recourse to prevent such dismantling.

ii. evaluation

Another set of concerns relates to the evaluation of any initiative that Ontario intends to introduce. The apparent success of workfare programs varies according to the criteria used to measure achievement of the intended objectives. If one asks whether workfare helps reduce welfare caseloads, then the answer could be either yes or no. The answer is yes - if recipients engaged in work-for-welfare activities are no longer counted on the welfare caseloads. The answer also could be no because caseloads actually may rise if the program keeps people on the caseloads longer than they otherwise would have been.

If, by contrast, one asks whether workfare helps people out of poverty, then the answer, for the most part, is no. Recipients generally move off welfare into low-paid work. Recent American studies of supportive work incentive initiatives have identified modest, positive impacts on employment and earnings, and marginal effects on welfare caseloads and expenditures. Income gains, however, are too small to lift participants and their families out of poverty. Welfare poor families generally become working poor families; relatively few households actually escape from poverty [National Council of Welfare 1994:1].

An evaluation of the Greater Avenues for Independence (GAIN) program in Riverside County, California, for example, found that average total earnings over two years were less than $6,000 - not nearly enough to lift these single mothers off welfare [Besharov 1995:19]. The evaluation concluded that "more people got jobs than would have gotten them without the program, and got them sooner; but they were usually not 'better' jobs, and families were rarely boosted out of poverty" [Gueron 1995b:11]. Moreover, the welfare rolls declined by only five percent in Riverside County and by a statistically insignificant amount across all of the counties throughout the state [Besharov 1995:19].

In short, many people who have been through some form of workfare program find themselves no better off than they were on welfare. At the end of the day, they have just about the same income - but they are earning it on their own rather than receiving it in the form of income assistance. This self-sufficiency is supposed to be good for recipients. Their self-esteem apparently grows as they experience the joy of buying tuna with their own earnings.

Employment gains seem just as limited as income gains and can be offset entirely in the labour market; "a job obtained by someone on welfare could well be a job lost for someone in the market" [Noel 1995:16]. American evidence has found that states repeatedly have had trouble developing large numbers of work sites and that some welfare recipients were unable to work because they or their children had health-related or emotional problems. The result is that programs are almost always much more modest than anticipated. "The limited available evidence suggests that, under these conditions, mandatory unpaid work did not develop people's skills and did not prompt them to move more rapidly into unsubsidized employment, nor deter them from applying for welfare" [Gueron 1995b:13].

While the success of welfare-to-work has been assessed largely by examining reductions in welfare caseloads, broader questions are generally overlooked. Studies that focus on the work programs themselves usually do not take into account associated indicators of social well-being. What is the state of child health in that community or province? Are more children coming to school hungry? Are there more homeless people as a result of changed welfare eligibility rules? Are there longer line-ups at food banks? Has there been an increase in the crime rate? These social costs are rarely factored into the evaluation of workfare 'success.'

iii. financing

While the funding of the impending Ontario workfare scheme has yet to be announced, there are some troubling signs on the financing front. At a recent conference on workfare, the Minister of Community and Social Services stated that there will be "no new resources" for the program - which raises serious doubts as to whether there will be a true investment in human resources. The remark also appears to contradict a statement published by Mike Harris just prior to the June election in which he indicated that the Tories "will invest $100 million in 'seed money' to bring volunteer and community groups into this area with programs to provide basic literacy and numeracy courses as well as counselling, résumé development and personal presentation skills training" [Harris 1995:35].

But even though Alberta spends $100 million on its welfare-to-work programs [Harder 1995], this will not be sufficient for Ontario. A senior policy team in the Ministry of Community and Social Services recently determined that the proposed workfare scheme would cost an estimated $1 billion - $550 million more than stated during the election campaign [Harder 1995]. And this estimate is not likely to be based on extensive investment in human resources.

All the available evidence suggests that welfare-to-work efforts must be adequately financed in order to have any degree of success, no matter how measured. An American study of a wide range of workfare experiments found that "although cost-conscious management can pay off, the research also provides a clear warning against spreading program resources very thinly, as can happen, for example, in environments where hard-pressed administrators have to stretch limited resources over increasing numbers of welfare recipients" [Gueron 1995b:12].

A work program established in Cook County, Illinois, for example, was found to be unsuccessful in increasing employment although it showed small welfare savings. Its lack of success was attributed to the shortage of assistance made available to participants. "The outcome demonstrates that, in order to get results, a workfare program must have strong resources and give support, such as job search assistance, to its participants" [Gueron 1990:91].

Another welfare-to-work program in Riverside County, California, was successful in placing welfare recipients in paid work. The apparent success of the program was attributable to ample resources; the county invested heavily in the program in order to serve all who qualified. The economy of the area was also quite healthy - reinforcing the conclusion that funding and available jobs are strongly related to performance of welfare-to-work programs [Gueron 1995a:39]. A report on Florida's JOBS (Job Opportunities and Basic Skills) program found that its success in increasing earnings was sharply reduced, particularly for women with young children, when resources including child care funds, fell below a threshold level [Gueron 1995b:12].[21]

In light of the evidence, a report of the Ontario Network of Employment Skills Training

Projects concludes that "for a workfare program to be successful in placing welfare recipients in long-term employment, thus saving the public money, the investment in the program must be high in order to provide adequate support for participants. The administrative structures of the programs in Sweden, Massachusetts and California's San Diego and Riverside County were extensive, including multi-tiered employment services and support such as child care" [1995:13].

Many studies lead to the same conclusion. *Truly effective work-related measures require substantial investment and are likely to increase, not reduce, social spending*. "Budgetary considerations have been used to justify workfare but workfare programs are expensive and, to date, it is far from clear that workfare will bring substantial net savings" [Noel 1995:17]. Ironically, workfare is on the agenda because it is seen a way of cutting the welfare rolls and saving money. There appears to be an inherent contradiction between what we know and what the Ontario government appears poised to do.

If there is only limited investment, then the target of the program should be relatively small; it makes no sense to spread resources too thinly over a large population base. Scarce funds likely would be better used for a more narrow approach that targets a designated segment of the welfare population (e.g., 18- to 24-year olds).

In addition to an adequate level of investment, there are unanswered questions about the specific financing arrangements for the coming workfare initiative. Prior to the federally-imposed cap on CAP in 1990, the financing formula for municipal welfare in Ontario was 50-30-20 (federal-provincial-municipal). The province paid 30 percent of the cost of municipal welfare assistance. (Municipal governments in Ontario are responsible for employable welfare recipients and pay 20 percent of total welfare costs.)

Will Ontario continue to pay a share of the new workfare program or will the province devolve a greater share of the cost to municipalities? Without substantial provincial funds, any program that tries to invest in both employability and labour market measures is doomed to fail in many communities which do not have the fiscal capacity to finance these programs.

In fact, one of the few things that we do know for certain about workfare is that total municipal delivery is unworkable. Canada had a municipally-run workfare system in the 1930s when Prime Minister R.B. Bennett introduced a work-for-relief program in response to the massive unemployment of the 'dirty thirties.' Ottawa made contributions to the provinces but the design was left to local governments which had no money to hire competent staff or set up anything more than fragmented and chaotic efforts [Struthers 1996].

Moreover, the fiscal capacity of municipalities throughout the province has been battered by recent cutbacks in provincial transfers. Many local governments are reeling from the news that the actual cuts will be much higher than first anticipated. Toronto, for example, will lose $6 million in the coming fiscal year - a 30 percent reduction to its budget. The Toronto suburb of Scarborough also will lose $6 million; it had expected a 25 percent loss - not the 40 percent drop it actually received [*Ottawa Citizen* 1995:A4]. Peterborough, a much smaller municipality, had succeeded in trimming its budget by an expected 23 percent only to find out that the province, without any prior warning, imposed a 36 percent reduction on municipal expenditure in that community [Gray 1996:A1].

In light of these massive cuts, it is unlikely that municipalities will be able to support workfare programs which are anything more than a community service approach that uses welfare recipients as cheap labour. Perhaps the province will introduce workfare as part of a *quid pro quo* with municipalities - less money for greater flexibility. (The federal CHST certainly set a precedent for this kind of more-freedom-for-less-dollars exchange.)

Municipalities face another problem in addition to direct provincial cuts. All welfare systems have an earnings exemption feature [National Council of Welfare 1995:37-44]. Welfare recipients can keep a certain amount from their earnings; the government takes back every dollar over a designated level. In December 1995, Ontario changed provincial welfare rules (retroactive to October) in order to allow recipients to keep more of their earned income - partly to offset the draconian 21.6 percent cut to welfare benefits.

As a result of this policy change which permits recipients to keep more of their private earnings, the average 'clawback' - or amount of welfare that must be returned by working welfare recipients - will drop. In Ottawa-Carleton, for example, the clawback has fallen from an average $155 a month per recipient to an average $83 a month. Total repayments on welfare earnings will amount to only $30 million instead of the anticipated $40 million. Because municipalities in Ontario pay 20 percent of welfare costs, Ottawa-Carleton will lose an estimated $2 million - i.e., 20 percent of the overall $10 million loss [Adam 1996b:B6].

Municipalities are coping with the cuts by reducing their own programs. One of the most vulnerable is the special assistance budget. Ottawa-Carleton, for example, recently lost $300 million for its bus pass subsidy. It is difficult to help welfare recipients seek work and participate in training without some support for transportation. It certainly would be inappropriate to *require* them to participate in some form of work program without an associated transportation subsidy. Without this form of assistance, it may be necessary to establish neighbourhood-based options in which the training and other work opportunities are set up in local communities and are readily accessible to participants.

The unanswered questions about program design, evaluation and financing may appear to be mere details in a grand design. But the small details make a big difference as to whether there will be an income safety net for employable people and what form it will take. And these details make the world of difference as to whether the impending workfare program will respect human rights and dignity.

role of government

Since the Tories took office, there has been a lot of talk about 'rethinking' and restructuring government. But it appears that not much thought actually has gone into this rethinking. In reshaping fundamentally the face of welfare in Ontario, the government has been quick to point out that the 'community,' voluntary agencies, service clubs and business have crucial roles to play in reducing welfare caseloads. But it has yet to articulate the role for the public sector - for the government itself.

Ontario has paved the road to the workfare highway by emphasizing the virtues of individual self-sufficiency and community responsibility. Never has the notion of 'community' been so romanticized. Communities apparently can do just about anything to which they put their collective mind and soul. They will now be expected to pick up the slack where the private market and governments have left off. Ironically, the hard evidence leads to precisely the opposite conclusion. Governments are needed more than ever in the face of an inadequate labour market.

The gap between rich and poor Canadians has widened in recent years in terms of their shares of income from the market (i.e., employment, investments, private pensions and other private sources). Families in the highest-income group have 22 times greater a share of market income than those in the lowest-income category. But social programs and the income tax system greatly reduce the income gap, and have fully offset growing inequalities in market incomes. The gap between well-off and poor families narrows to five times once income security benefits and the income tax system are factored into the equation. This gap is likely to widen in future, however, with recent cuts to welfare in several provinces and impending cuts under the proposed federal Employment Insurance Act that will shrink the UI program even more than the cuts introduced to UI in the past [Battle and Torjman 1993a:13-14].

Much of the employment created by CED takes the form of 'bad' jobs - i.e., precarious work that often pays low wages and has few associated benefits, such as pensions. It could be argued that the bad jobs into which many welfare recipients move in the first instance are merely a stepping-stone to better employment - that workfare simply provides a basis for establishing or re-establishing participation in the 'real' labour market. This foothold theory does not negate, however, the reality of low-wage, unstable employment - much of which is found in the 'real' labour market.

The message is clear. *Strong social programs in the form of income transfers and a fair tax system are needed more than ever to narrow the wide inequalities in incomes created by the changing economy*.

Child benefits represent one of the most important income transfers for families with children. In fact, a key problem that many families face when they try to work is that welfare recognizes differences in family size while minimum wages do not. Some families are better off on welfare - when both the income benefits for children and various forms of income-in-kind (discussed below) are taken into account. Welfare families receive social assistance on behalf of their children as well as the federal Child Tax Benefit; working poor families get only the Child Tax Benefit and a modest (maximum $500 a year) Working Income Supplement.

During the recent federal Social Security Review, the Caledon Institute proposed sweeping changes to Canada's income security system that would have dismantled provincial welfare programs. Our proposals for dismantling welfare were made within the context of comprehensive reform and substantial rebuilding in the area of child benefits and an income-tested benefit for employable welfare recipients [Caledon Institute 1995].

The centrepiece of our proposed package of reforms was an integrated child benefit that would combine federal spending on the Child Tax Benefit with the funds that Ottawa and the provinces spend on welfare on behalf of children. Welfare payments in respect of children and the Child Tax Benefit would be converted to a single, separate income-tested program that would serve all low-income children, including those from working poor families [Battle and Muszynski 1995].

On the tax side of the equation, recipients who move off welfare and into the labour market face a heavy tax burden. Welfare is not a taxable benefit. While recipients must complete income tax forms to qualify for the federal Child Tax Benefit, they are not required to pay income taxes on their welfare. Work-related earnings, by contrast, are subject to federal and provincial income taxes and to payroll taxes (i.e., Unemployment Insurance premiums and Canada/Quebec Pension Plan contributions).

A Caledon Institute study of the interaction between the welfare and tax systems in Ontario found that recipients hit a veritable 'welfare wall' when they enter or re-enter the labour market [Battle and Torjman 1993b; c]. The 'wall' arises from the impact of direct and indirect taxes that welfare households face when they supplement their benefits with earned income. Direct taxes include three components: federal and provincial income taxes; payroll taxes in the form of Unemployment Insurance premiums and Canada/Quebec Pension Plan contributions; and a heavy tax known as the 'welfare taxback' that the welfare system levies on earned income. Welfare recipients lose a designated amount of their welfare assistance for every dollar of earnings over and above a specified amount [National Council of Welfare 1995:37-44].

The Caledon study found that, in 1992, single employable welfare recipients in Ontario could increase their work earnings by 1,200 percent (from $1,000 to $13,000 in earnings) and end up with only a 25 percent increase in disposable income. For single-parent families with one child aged 2, a 2,500 percent rise in earnings from $1,000 to $26,000 would net a 32 percent gain in disposable income. For two-earner households with two children aged 3 and 5, a 3,100 percent gain in earnings between $1,000 and $32,000 yielded only a 26 percent increase in disposable income [Battle and Torjman 1993b].

Welfare recipients who try to move off the program also face the burden of indirect taxes. These refer to the loss of income-in-kind - i.e., goods and services that welfare systems provide including health-related benefits, dental care, medications and assistance for work-related costs such as clothing and transportation. In fact, all items of special assistance are at special risk in the new workfare world.

CAP had provided for two major types of aid: basic assistance and special assistance. Basic assistance refers to the financial aid that provinces pay to eligible households in the form of cash benefits. The purpose of special assistance is to help offset the costs associated with emergencies, work-related costs (e.g., transportation), unanticipated events (e.g., fire, funeral costs) and health- or disability-related needs. The latter include wheelchairs, prosthetic appliances, special eyeglasses, hearing aids, medications, medically-prescribed diets, homemaker services and attendant services. These forms of income-in-kind will be particularly vulnerable under the CHST because it makes no provision for any form of special assistance [Torjman 1995].

In designing its workfare program, Ontario should consider the possibility of extending health-related benefits to low-income households and thereby remove one of the greatest barriers to leaving welfare. BC provides a positive example.

In January 1995, the BC government announced a Healthy Kids program as part of a larger package of welfare reforms. Effective April 1, 1996, Healthy Kids will provide basic dental and vision care for children in low-income families. Eligibility will be determined on the basis of the provincial Medical Services Plan (MSP) premium subsidy formula. Families with adjusted net incomes of less than $11,000 will receive 100 percent coverage of costs. Families with adjusted net incomes over $11,000 and receiving partial MSP premium assistance will be covered for 50 percent of costs. For 1996, up to $500 in dental benefits will be provided to eligible children 12 and under. Starting in 1997, annual dental coverage of up to $700 per child will be available to eligible children 18 and under.

At the federal level, the income tax threshold has been falling steadily over time with the 1986 abolition of the federal tax reduction and the shift from full to partial indexation of income tax exemptions, deductions, credits and tax brackets. Single non-aged workers began to pay federal income taxes at earnings of $9,887 in 1980 (in 1995 inflation-adjusted dollars) or 58.6 percent of the poverty line ($16,874 in 1995 dollars). In 1995, federal income taxes began at earnings of $6,548 or 38.8 percent of the poverty line. Workers earning $10,000 (in 1995 constant dollars) paid only $10 in federal income tax in 1980. By 1995, tax owing had risen to $526.[22]

The federal refundable GST credit, the Ontario sales and property tax credits, and the Ontario tax reduction are important measures to partly offset the impact of the tax burden. The problem is that two of these are consumption tax credits; they are intended, in theory, to compensate for the sales tax burden - not the impact of the falling income-taxpaying threshold.

Moreover, the GST credit and its income threshold for maximum benefits are indexed only to the amount of inflation over three percentage points. This means that the GST credit loses value in real terms every year; the number of households that qualify for the maximum benefit drops; and the proportion of low-income households helped by the credit declines steadily. It is essential both to protect the real value of this credit and to raise the federal income-taxpaying threshold in order to ease the sales and income tax burdens, respectively, on low-income households.

conclusion

The face of welfare is about to change dramatically in Ontario and throughout the entire country. Welfare will continue to incorporate some job search or training requirements for people who are considered employable. But provinces may very well decide unanimously and automatically to refuse benefits entirely to applicants who do not comply with these requirements.

This paper has considered the two major approaches to welfare reform: a workfare approach and a human resources approach. The more positive strategy takes the form of a human resources approach which involves investment in both employability enhancement and job creation measures. The success of an investment strategy also depends upon the health of the local economy and the availability of appropriate supports such as high-quality, affordable child care.

A human resources strategy entails more than simply the reform of the welfare system; other associated reforms in such areas as child benefits and the income tax system are important. The involvement of related government departments is also essential to the success of this approach.

In short, the only way that 'workfare' works - is when it is not workfare.

Endnotes

1. As workfare moved up the public policy agenda in the US, the definition of the concept evolved. Once narrowly defined as a requirement that employable recipients work or lose their welfare benefits, a broader conception of workfare now covers participation in education and training programs (sometimes known as 'learnfare') and job search counselling courses (Sayeed 1991:3).

2. The Canada Health and Social Transfer was first introduced as the Canada Social Transfer in an omnibus act - Bill 76 - whose purpose was to implement certain provisions of the 1995 federal Budget.

3. In 1990, the federal government unilaterally announced that it was going to place a limit on its sharing of costs under the Canada Assistance Plan. Prior to 1990, Ottawa had shared in 50 percent of the costs of welfare and social services. In 1990, the federal government announced that for the so-called 'have' provinces of Ontario, Alberta and British Columbia, it would contribute to the cost of these services on the basis of a set formula. The 1989 year was used as a base and the federal contribution was to increase by no more than five percent a year over that base (Battle and Torjman 1993a:15).

4. Getting People to Work and Off Welfare Conference organized by the Community Opportunities Development Association (CODA), Kitchener, December 7-8, 1995.

5. Several organizations made this announcement at the CODA Conference.

6. Data from Statistics Canada (various years.) *Labour Force Survey*. Ottawa: Minister of Industry, Science and Technology.

7. The duration of unemployment has increased from a national average of 12.3 weeks in January 1980 to an average 25.6 weeks in April 1995.

8. This issue was raised by one of the groups meeting at the CODA Conference.

9. See Ontario Network of Employment Skills Training Projects. (1995). *Singing for Our Supper: A Review of Workfare Programs*. Toronto, July.

10. New Brunswick Works is an example of a welfare-to-work program that provides a continuum of options including information and referral; job readiness and personal development courses; job placement and apprenticeships; education and training; and community service. NB Works is a voluntary four-year program, beginning with a two-week pre-employment orientation and case plan development phase. This is followed by a 20-week initial work phase during which participants are paid a wage ($6.25 an hour) and receive babysitting subsidies ($2.50 an hour) and a transportation allowance ($.11/km.). Participants contribute to the federal UI program during the initial work period. They can then qualify for a UI training allowance (and, by great coincidence, move off provincial welfare). The 20-week work phase is followed by a (maximum 156-week) training period. There is a two-year upgrading phase which includes a variety of developmental courses followed by a one-year (maximum) skills training internship component. A four-week transition to employment is followed by an eight-month period of subsidized employment.

11. There are concerns about individualized approaches - especially in the current climate in which there is a great potential for coercion. Professor Patricia Evans points out that in an environment which is concerned primarily with monitoring eligibility and keeping numbers low, the individualized approach could emerge as little more than a "contract you can't refuse."

12. Under the Help and Opportunity in Partnership for Employment (HOPE) program, an estimated 5,000 recipients would be matched with firms that would hire and train these recipients over 36 weeks while they remain on welfare. Ideally, the businesses will then employ the trained workers on a permanent basis. Participants in the program would receive bus passes and a one-time grant of $253 to cover start-up costs like work clothing. In the first three-month training phase, employers would pay workers $500 a month; this payment would increase to $700 in the second six-month phase. Employees would be allowed to keep $215 to $275 of the monthly $500 and from $265 to $325 of the $700. An amount equal to the balance would be deducted from their welfare cheques.

13. The Canadian Women's Foundation provides funds

to assist low-income women set up small businesses. Calmeadow Foundation in Toronto provides technical and financial support to microenterprises in poor communities at home and abroad. Loans of up to $3,000 are made for starting or expanding a microbusiness. The loans do not require collateral. The repayment, including commercial rates of interest, is enforced through a 'borrower's circle' of four to seven people who approve and guarantee each other's loans (Quarter 1992:100).

14. The Vancouver City Savings Credit Union has created a number of community-oriented subsidiaries and services - including a foundation focussed specifically upon community economic development, an affordable housing development group, an ethical mutual fund and a community investment deposit plan. See Perry and Lewis (1994:172-189).

15. RESO began in 1984 and is based in Pointe St-Charles, an impoverished industrial neighbourhood in Montreal. Its name is a play on the French word '*réseau*,' meaning network. RESO works with the private sector in the local community to strengthen the potential of business to contribute to community building. RESO has created a relationship with business firms to improve the viability of jobs and to promote the economic stability of the community. While it has helped to create new businesses, its primary focus is on training programs geared to the labour market. See Perry and Lewis (1994:138-157).

16. West End Community Ventures was founded in 1986 to help develop the local economy in a low-income neighbourhood - which included a large public housing project - in the west end of Ottawa. It offers a range of business and human development services. It emphasizes employability and job-preparedness programs in its training activities. See Perry and Lewis (1994:43-58).

17. HRDA is a successful venture capital and business development group primarily serves welfare recipients. Through its subsidiary, HRDA Enterprises Ltd., it has created small businesses that have taken more than 1,400 people from welfare and placed them in newly-created jobs. HRDA also runs a jobs training program that includes life skills training, individual counselling, temporary work place-ments and specialized skills training. The Association uses welfare funds to capitalize the businesses it starts. To date, it has set up 14 businesses to employ people on social assistance. While four have failed and four have been sold to the employees, the six others - environmental care services, painting, property management, bakery, consultation and training, and sewing contractors - are turning a profit. See Perry and Lewis (1994:95-119).

18. In the same month, Ontario also cancelled the child care conversion project which provided non-profit organizations with the resources to acquire commercial child care centres from interested private operators. In October 1995, the province eliminated the Child Care Development Fund that had built child care space into every new or replacement elementary school. While the space may be built, government assistance in the form of start-up costs and subsidies for low-income parents will not be available. The province also cancelled early education projects designed to test innovative, cost-effective ways of combining child care and kindergarten for 4- and 5-year-olds. Information provided by social policy consultant, Julie Mathien.

19. Professor Evans made these comments on the draft of the workfare paper. See Lui-Gurr, Vernon and Mijanovich (1994) for a description of the preliminary results of the Self-Sufficiency Projects in New Brunswick and BC.

20. It should be noted that a reviewer of this paper indicated that concerns have been expressed about the Social Assistance Review Board and the quality of some recent decisions.

21. A review of the Job Opportunities and Basic Skills (JOBS) Training program did not have the resources to make the mandate real for most of the Aid to Families with Dependent Children (AFDC) caseload, especially since the program was implemented during a recession - which increased unemployment, drove up welfare rolls and decreased tax revenues, limiting the ability of states to match the available federal funds (Gueron 1995b:9).

22. The federal tax reduction had been in place from 1973 through 1985. It had eased federal income tax for low- and middle-income taxpayers. In 1985, the last year in place, it cut federal income tax by up to $100 for taxpayers with basic federal tax of $6,000 or less, above which the credit was reduced by 10 percent to disappear at basic federal tax of $7,000 (Battle and Torjman 1993a:15).

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