

Report documents Canada's welfare "disaster"

Lee Parsons
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Welfare Incomes 2004, a study published last month by the National Council of Welfare, documents a continuing and alarming decline in the incomes of those obliged to live off of welfare benefits. Summarizing the mountain of evidence presented in the 125-page study, its authors bluntly declare that "Canadian welfare policy over the past 15 years has been an utter disaster, and *Welfare Incomes 2004* offers the latest proof of that sad assessment."

The report shows that the incomes of welfare recipients, who constitute, along with the homeless, minimum-wage workers and sections of Canada's aboriginal population, the poorest of Canada's poor, have been badly eroded by benefit cuts and inflation: "After adjusting for inflation many of the incomes were significantly lower in 2004 than they were ten or 15 years ago." The biggest drops have been in Ontario and Alberta, the country's wealthiest provinces.

Last year, there were more than 1.7 million people drawing welfare in Canada, over 5 percent of the population. Most of them, reports *Welfare Incomes 2004*, lived on incomes well below what the government itself calls the poverty line, despite Canada being one of the richest countries on the globe.

Welfare Incomes 2004 was prepared by the National Council of Welfare, an advisory body reporting to the federal Minister of Social Development. It is not surprising, therefore, that the report, while highly critical of the impact of government policy on welfare recipients—"welfare has long been neglected in Canada"—does not go beyond blandishments and moral appeals to the powers that be.

"Governments," declares Council Chairperson John Murphy, "have an ethical responsibility to protect the well-being of all their constituents, not just their well-to-do constituents. It's high time governments took their responsibilities seriously and fixed the problems

connected with welfare."

Such a reformist outlook precludes a deeper analysis of the role the erosion of welfare benefits and the associated development of workfare have played in the big-business assault on the social position of the entire working class. While the report presents a stark picture of the victimization of Canada's poor, it conspicuously avoids indicting anyone in particular or exposing the class-war agenda that has targeted the most vulnerable.

That the real (after-inflation) value of welfare benefits has been allowed to fall sharply, ever further below the poverty line, cannot be viewed merely as an oversight on the part of government. It is a deliberate social policy aimed at using extreme poverty to force the poor into low-wage, dead-end jobs and to undermine the wages and social standing of the working class in general.

In Canada, social programs such as welfare are partly funded by the federal government through transfer payments to each province based roughly on their relative wealth. Beginning in the middle 1990s, the federal Liberal government of Jean Chrétien and Paul Martin slashed billions from transfer payments while allowing the provinces greater discretion on how to spend their shrunken allotments. This deliberate and cynical strategy encouraged provincial governments to pursue reactionary social policies while taking the credit for "balancing the books" and cutting taxes.

For their part, provincial governments have justified their attacks on the poor by blaming the federal government for social spending cuts and by proclaiming the need to lower tax rates so as to attract business investment in an increasingly competitive global market. Needless to say, a workforce made pliant by the growth or threat of poverty is more disposed to accepting whatever wages and working conditions a business chooses to offer.

In 1995, when Mike Harris and his Tories took provincial office, Ontario took the lead in the assault on

the poor, pioneering an ideologically driven agenda of punishing society's most vulnerable in order to soften up the rest of the workforce for their measure of punishment. Slashing welfare rates, greatly expanding workfare, and keeping minimum wages at desperation levels, the Harris Tories set the standard for other provinces. Since that time, welfare rates for Ontario families with children have in real terms been cut by nearly one third. Despite election promises to reverse that trend, the provincial Liberal government that was elected in the fall of 2003 raised welfare rates last year by a paltry 3 percent—the first increase in Canada's most populous province since 1993.

Perhaps the most revealing and damning statistics in *Welfare Incomes 2004* are those that show welfare rates relative to the poverty line as determined by the federal government. Nowhere in Canada does welfare currently provide for more than half of the income necessary to rise above the poverty line.

Single people deemed employable have suffered the greatest drop in their welfare incomes, as a result of benefit cuts of up to 25 percent imposed by seven of the ten provinces.

Another alarming statistic is the drop in welfare income for people with disabilities. In eight provinces, the incomes of welfare recipients with disabilities have plummeted over 20 percent from their peak more than a decade ago.

High on the list of government measures cited for criticism in the report are what are known as “clawbacks”—a scheme whereby provincial governments are effectively encouraged to take back some of the moneys allocated to welfare families under federal transfer payments.

Since 1998, the federal government has been paying a meager supplement to poor children through the Canada Child Tax Credit and the National Child benefit programs. But in a throwback to the Victorian notion of “deserving” and “undeserving” poor, the provincial governments are allowed to reduce welfare benefits by like amounts so as to ensure that there is a significant differential between the incomes of the working poor and those collecting welfare. Welfare recipients are thus “encouraged” to “reintegrate” themselves into the labor market—i.e., to accept low-paying jobs.

This arrangement effectively punishes parents for turning to welfare and, according to the report, has meant that “the end result” has been “that most families on welfare were no better off despite the substantial sums of new money provided by the federal government.”

Not all provinces participate in the clawback option, but Ontario along with three other provinces and all three territories do. The report shows that almost 300,000 children, representing 56.2 percent of all children living in welfare families, were affected by the clawback in 2004, as well as close to 200,000 adults.

Even in those provinces such as Alberta that have not resorted to the clawback, welfare spending has not been restored to levels that existed before the massive budget cuts of the 1990s, and so welfare incomes remain “dismally low and inadequate.”

The council calls for two major changes. First, an overhaul of the entire system of welfare to bring payments up to an “adequate” level of income support. This is a laudable proposal, but one that has no chance of realization under the current political set-up. A companion recommendation is that minimum wages should be increased to provide a standard of living for all workers that would make supplementary child benefits unnecessary—an idea that, were it seriously fought for, would bring the council into direct conflict with the governments and parties it is appealing to.

Secondly, the council demands the end to the system of clawbacks by provincial governments. “Unless governments can agree on reasonable levels of funding for welfare and an end to the clawback of child benefits, we will continue to see an erosion of the quality of life for all people in Canada.” Again, a necessary minimum demand but one that ignores the underlying agenda that has deliberately brought about the existing arrangement.

If real solutions to the crying problem of mounting poverty and declining social programs are to be found, it must first be recognized that the erosion of the material position of the Canadian worker is not an aberration but, from the standpoint of the political establishment, a critical necessity in keeping Canadian capital globally competitive. Any honest approach to solving the growth of poverty would require nothing less than challenging the rule of the market.



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