

Draft chapter in forthcoming book

**FINDING ROOM: POLICY OPTIONS
FOR A CANADIAN RENTAL HOUSING STRATEGY**

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Like Falling Off a Cliff: The Incomes of Low-Wage and Social Assistance Recipients in the 1990s

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In a wonderful comedy routine from years gone by, an interviewer talks to the manager of a plant where workers hand-fold paper clips. The manager explains that a good man can hand fold 100 paper clips a day for which he receives three cents per clip. The interviewer notes that in a week that this proverbial good man would make only \$15.00 and asks how a man could live on this much money. The reply was: "We don't pry into the personal lives of our employees."¹

Who are the Working and Welfare Poor Adults?

In round numbers, the number of Ontarians (without disabilities) between 18 and 65 now receiving income security through social assistance (Ontario Works) in 2003 is roughly 225,000. When their dependants are counted in, the number of people we are talking about doubles to approximately 400,000.² Again, in round numbers, the cost of benefits is a little over \$2 billion when municipal costs are taken into account. Ontario's share of this cost puts Ontario Works at between 2% and 3% of Ontario's budgeted expenditures for 2003-04.³

Minimum-wage employees in Ontario also number about 225,000: most are adults. At least 100,000 minimum-wage workers depend on minimum wages as the main source of their family income (that is, they are not part-time workers or summer students).⁴

This group of 325,000 adults in Ontario who either receive social assistance or who work for minimum wages for their family income are the subject of this paper. They make up approximately 5% of Ontario's working age population.⁵ If judged by income security measures, we treat their parents (poor Old Age pensioners) and their children reasonably well, just not them.

In the early 1990s, Ontario went through a recession that resulted in a restructuring of the labour market and economy from its industrial base to an information age economy. In some quarters, the subsequent recovery from recession was termed the "jobless recovery."⁶

During the transition, middle-class people started to increase their hours of work and along with that extra work, they started to feel that they no longer had the ability or capacity to meet their life commitments to family and friends. They also weathered massive cutbacks in programs for themselves and the less well-off in return for a promise of an improved economy and a better life.

Low-wage workers and people who from time to time have received social assistance have not been part of the mainstream of the information age economy. Their hours of work have tended to decrease. Their Internet use is below the average.

Somewhere around the middle of 1993, for reasons that we do not really understand, we started to dislike the 5% of working-age people in Ontario who are social assistance recipients and low-wage workers.

It may seem odd to lump social assistance recipients with minimum- and low-wage workers. After all, social assistance recipients are a lot less popular than people who work. If we look at the political rhetoric alone, one would think that there is a chasm between those who work and those who do not.

Yet when we look at the programs and social policies that relate to both working and welfare poor adults in Canada, there is an equally odd similarity – the programs and social policy that affect both groups have eroded to an unprecedented extent over the last ten years.⁷

When I talk about the ways we "dislike" low-income, working age adults, I am not talking about the feelings we have for them, the stories we tell about them, or the names we call them. I am talking about the way we treat them in social policy.

Some may feel more respect for the working poor than for people receiving welfare. But the fact is, the social policies we have created over the past ten years have punished them as if we disliked them equally. In any case, almost no non-disabled adults remain on welfare throughout their working years. The line between the working poor and welfare poor is fluid, as poor adults of working age move back and forth across it.

So if we have to look at them as a group, we can ask ourselves why we have treated them as we have over the past ten years.

What is the evidence that we dislike them?

Let's start with social assistance recipients. Between 1967 and 1993, social assistance benefit levels rose 563% in 23 increases, more than enough to keep pace with inflation.⁸ Since 1993, these benefits have dropped more than 35% through a combination of more than 14% in inflation and the 21.6% reductions of 1995. The longest period since 1967 that Ontario went without a social assistance rate increase (until 1993) was three years. It has now been more than 10 years since the last increase.

Many of us dislike social assistance rate increases, which are implemented largely to help make ends meet, because they do not support work effort. Yet if we look at some of the measures that have been put into place in Ontario to support work effort among social assistance recipients, we note that:

- the so-called "earnback" provision that allows recipients to earn back the difference between the social assistance rates in 1993 and 1995 has not increased in the eight years since it was created, not even with inflation;⁹
- the Employment Start-up benefit that was raised in 1993 to a flat amount of \$253 remains at \$253;¹⁰
- the earnings exemptions that allow a person on social assistance to work and retain a portion of his or her assistance now have time limits that reduce their value with the amount of time worked.¹¹

So it is not just social assistance rates that have been reduced and that continue to erode with inflation. Work incentives have also eroded. This seem strange to those of us who believe in the importance of getting

people back to work. To understand this trend, we have to look at the policies that affect low-wage working people outside the labour force.

But first, let's consider those who work at low wages outside the social assistance system entirely. Since 1995, when minimum wages were last increased, they have lost almost \$1.60 an hour in real terms.¹² Minimum wages have gone through a long slow decline over the years since the late 1960s, but a precipitous decline over the past decade.

Employment Insurance has seen a long slow erosion since the 1970s – but nothing like the decline in eligibility for marginal employees over the last decade. Benefits have gone down in real terms and coverage has decreased drastically. At the same time, the federal EI Account began to run a significant surplus.¹³

Because we know that the line between welfare and working poverty is fluid, we should also look at how trends have affected people trying to move from welfare to work. In Ontario, full-time minimum wages were higher in 1977 than social assistance for a family of four, but by 1993, minimum wages were higher than social assistance only for single persons. This relationship has not changed significantly in the last decade.¹⁴

In the meantime (between 1993 and 2003), almost everyone else in Canada has done fairly well. We have enjoyed growth over the last ten years. Our exports are strong. We have stayed in the UN's top ten countries to live in (despite recent setbacks). We have eliminated ongoing deficits, paid off some of the debt, introduced a raft of provincial and federal tax cuts, and watched real incomes rise and unemployment go down.

But it's one thing to say that it has not been a bad decade in terms of the overall economy, and another to state that everyone is doing well. It is important to consider the income security of other groups in Ontario and Canada.

How are other groups faring?

Let's start with seniors' incomes. Canada's seniors have enjoyed unprecedented growth in their incomes and net wealth over this same time period. We have almost eradicated poverty for seniors in Canada through the Old Age Security (OAS) system and the Ontario supplement

under the Guaranteed Annual Income System (GIS) for the Aged.¹⁵ During the decade in question, OAS/GIS increased 40 times in consecutive quarterly increases. Canada Pension Plan (CPP) benefits increased 10 times in ten yearly increases. Both plans have kept pace with inflation.

Children too have benefited enormously in benefit increases over the ten-year period from 1993 to 2003. Through the introduction of the National Child Benefit initiative in 1998, they have enjoyed a series of extraordinary increases in this benefit (higher than inflation) along with the indexation of rates first announced in 2000.¹⁶

People with disabilities have fared less well than children or seniors, but they have still done better than those without disabilities. In Ontario, there was no cut to the Ontario Disability Support Program, although it has eroded with inflation. CPP for persons with disabilities has kept up to date with inflation, and a variety of other programs have been put in place to assist persons with disabilities in the last ten years. Although considered insufficient by many of those who advocate for persons with disabilities, people with disabilities who are poor have done better than those who are working age and who do not have disabilities.

One can conclude, therefore, that the erosion in benefits and social policy for low-income, working-age Ontarians is real. This one group (both working and on welfare), more than any other group, has fallen behind.

Is it just an Ontario problem?

Ontarians interested in social policy issues may believe that penalizing the welfare and low-income working poor is an Ontario phenomenon. They would be wrong. The National Council of Welfare¹⁷ has provided ample evidence that welfare incomes have gone down almost across the country. Indeed, British Columbia has gone even further. It has not only eliminated earnings exemptions in their entirety for social assistance recipients. B.C. has become the first province in Canada to introduce lifetime time limits on the receipt of social assistance.¹⁸

The Caledon Institute has noted minimum wage erosion throughout the country.¹⁹ And Employment Insurance, of course, is a national

program. Its failure to cover job loss in low-wage sectors of the economy is a cross-Canada phenomenon.

Is the public unaware of the plight of poor working-age Canadians?

Low-income working age Canadians seem to have fallen into disfavour. But before reaching the conclusion that this situation reflects societal attitudes, we need to know about public awareness of the problem.

We seem to hear more about child poverty than adult poverty. Anti-poverty activists have had some success in obtaining air time, especially in Ontario, for campaigns such as “Pay the Rent and Feed the Kids”²⁰ and “Ontario Needs a Raise.”²¹ It is no secret that there hasn’t been either a welfare rate increase or a minimum wage increase in several years. On the other hand, there is hardly a groundswell of support for those who suffer as a result.

Economists and statisticians (Judith Maxwell, Rene Morissette, Jane Jenson, Don Drummond), activists (such as Laurel Rothman of Campaign 2000 and Sue Cox of the Daily Bread Food Bank), and authors (Michelle Landsberg) have added their voices to a emergent and influential movement to seek new solutions for low-income working-age Canadians and Ontarians.²² We can therefore conclude that there is public awareness at least to some degree, of this dilemma.

So why the erosion? Why the new asymmetry? Why the lack of societal recognition that one group has seriously lagged? Where else can we look for answers?

Tracing the sources of public attitudes

One of the images that persist is that of the welfare Cadillac, symbolizing the idea that some people who don’t work seem to be doing better than the rest of us. The image reflects a public view that is ever suspicious of fraud and of those whom the public believes disdain work.

Yet there is good reason to believe that the public believes that a lot of the problems related to the looseness of the welfare system have been resolved. In the United States, polling results reveal that people would be willing to take savings realized from cuts in the welfare system and

reinvest them in helping recipients back into the mainstream of community life.

In addition, minimum-wage workers are generally employed in poorly paid, difficult jobs. The public as a whole respects that fact and usually extols the working lifestyle. Therefore, we cannot look to dislike of their lifestyle to support the lack of program currency and social policy for working-age Canadians.

Perhaps there is a "success ethic" in Canada that causes us to dislike low-income adults. There is no doubt that Canadians believe in and value success in employment. Remaining in minimum-wage or low-wage jobs for a lifetime, or moving on and off welfare may run counter to a Canadian "success ethic." We may believe that with a little more effort, most people can move beyond low-wage jobs. They may believe that other values such as staying in school or hard work ought to result in getting out of a low-wage bind or the need for government assistance.

To the extent that we believe collectively in success, we also believe that poverty reduction is an individual duty. We will look at this belief more closely later in this paper.

Our attitudes may also relate to the "racialization" of poverty. In all discussions of poverty in Canada, especially urban poverty, the issues of race and ethnicity have always been important. The difficulties associated with resettlement and obtaining credentials for foreign-trained professionals, and the Catch-22 of Canadian work experience (you have to get it in order to get work, but you can't get work if you don't have it) are well covered in the media, particularly with the current shortage of health workers.

Poverty is higher among certain racial and ethnic communities. In order to confirm racial discrimination as one of the roots of our dislike for working-age poor adults, we would have to look back to 1993, the start of the period when social policy and programs began to abandon the working-age poor.

What we find is that as part of the NDP Expenditure Control Program, the government brought in new cuts in social assistance that reduced the social assistance payments of sponsored immigrants \$100 a month if they lived outside the homes of their sponsors. Sponsored im-

migrants living in the homes of their sponsors received no shelter allowance.

These changes were implemented to recognize the resources sponsors agreed to provide to immigrants who have turned to social assistance for help. Accordingly, there has never been any intent to discriminate against any group.

The point is that social assistance reductions have affected all communities. These reductions were carried through into 1995 and were added to the 21.6% welfare reductions of 1995. They continue to this day.

There is also no doubt that immigrant and racial communities were especially hard hit by changes to EI and minimum-wage policies and that public attitudes towards working-age adults have overtones of racial discrimination.

A large part of the story of immigration and resettlement in the public mind is about overcoming adversity to make the most of opportunity. In many ways, it's what immigrants are supposed to do, not only in the minds of the public, but in the minds of immigrants themselves.

However, it is too easy and too convenient to look to racial or immigrant barriers as an overarching explanation of our dislike for working-age poor adults. It is certainly part of the policy mix, and an important one, but we must look elsewhere for major reasons for the decade-long malaise.

Some thoughts on why we dislike the working-age poor and a few possible solutions

I will provide five possible explanations for our attitudes towards the working-age poor and suggest some measures that concerned Canadians could take to help working-age, low-income Canadians enjoy better levels of income security.

The new importance of work

More and more, our society values paid work outside the home as the answer to poverty. The public believes that social policy change is not required for anyone who is capable of working.

Getting a job and working one's way up towards the top is in some ways a Canadian dream. Many if not most Canadians believe that individual effort, good work habits, and a variety of work-related virtues that translate into work readiness are not society's responsibility.

We no longer think of people requiring benefits because they have remained outside the labour force to conduct other socially useful tasks such as raising children.²³ If one wants to pursue other goals such as raising a family, then one ought to get help through work, not through public assistance programs. If the job doesn't provide the benefit, many people believe, then maybe the family ought to be postponed.

In other words, paid work has become the arbiter of important life decisions. Balancing work and life means to the majority of us that work comes first. We have little sympathy for those who let their lives get in the way of paid work.

Yet good benefits usually come to those who have good jobs. Accordingly, income-security programs administered by governments need to help people balance life and work. Those of us with good jobs tend to think that we did things "on our own" or without help from others, when in fact we had invaluable supports during our upbringing. We often have workplace benefits that we take for granted. But these benefits (such as one year's paid leave for the birth of a child) are not available to everyone, and definitely not to low-income people.

Perhaps if such workplace benefits were offered to low-wage employees, we would be more accepting than we would otherwise be when these programs are offered as income-security programs.

Coffee shops, Business Depot, and work symbolism

As a society we have become aware of a number of striking differences between the work life of the middle class and those working in low wage jobs. For example,

- Hours of work are increasing among higher-wage employees; and falling among those less well paid. This is a fairly new phenomenon.
- Unemployment is rare for anyone with a Grade 12 education who is able-bodied and who does not have any obvious personal deficits such as an addiction.
- Technology is improving the tools available to work off site.

- Many professionals have begun to build up large vacation banks of time that they will never take for these purposes.

But for all of these symbols of a new workplace that is alien to the experience of low-paid worker in service, manufacturing, or hospitality industries, the presence of two urban phenomena may be the most estranging of all: the proliferation of trendy coffee shops and the ubiquity of business stores catering to every aspect of office business technology. Starbucks has replaced the coffee shop of old just as the Business Depot has, in some respects, replaced the corner store.

The new-style coffee shop has a highly mobile get-it-and-go clientele. For example, the newest of the Starbucks experiences boasts a "no-sitting-pour-it-yourself" venue along with experiments in wireless remote.

Meanwhile, to some extent the city corner store has been replaced by business emporia that cater to students, small office owners, and corporate customers while offering the ideal place to hang out to see the latest in office gadgetry. Places like the Business Depot cater to middle-income Canadians who use the Internet and wish to use all forms of business wares to enhance their environments. These are not stores for the working or welfare poor.

Yet in meeting the needs of middle-class working Canadians, these places tend to displace and marginalize the low-end working worlds of low-income workers who cannot afford lattes and laser printers. In this way, the image of the low-income working Canadian is getting more blurred than ever, making it tougher than ever to define them in the imagination of the middle-class public.

With the disappearance of the local hangout, the diner, and the sixties-style coffee shop from the downtown area, middle-income and low-income people no longer encounter each other on common ground. White-collar workers bound for work never cross the path of the low-income, hard-working stiff coming off a tough night shift. He has disappeared from view.

The advent of good luck culture

We should not be surprised by our view of poverty that translates it into a matter of individual failure to succeed. However, many of us also see poverty in terms of “a string of bad luck.”

One of the most significant changes in our society over the last 30 years is the growth of legalized gambling. Therefore it is not surprising that people would start to see the element of luck being more woven into the fabric of our views of success and failure. The idea is, of course, that a run of bad luck may be followed by unexplainable good fortune – being in the right place at the right time – maybe winning a few bucks and putting it to good use.

Social policy based on supporting good luck or alleviating bad luck is impossible. The very fact that poverty is seen by some of us as a matter of chance generally means that social policy solutions are held in less regard.

The secular evangelism of overcoming adversity

Overcoming long odds and impossible conditions has long been a staple of our entertainment fare, but all in all, seems to be more pervasive in the new millennium. However good this may be for individual morale, it begins to form part of our collective apology for programs that unnecessarily create adversities to be overcome.

Consider the following examples of adversity culture: severe income and asset tests placed on social assistance recipients, the lack of tax-advantaged savings vehicles for the poor, perverse financial disincentives, absent benefit programs in low-wage work, and high recovery rates on benefits – all represent “adversities” in our social programs. But we tend to view the onerous elements of programs as ennobling aspects of adversity to be overcome rather than simply bad program design. We accept these features as problematic, but secretly, many of us believe that they build character in those who face them.

We start to say things such as “These people need to make the leap,” or “It’s about time these people started to become self-sufficient.” Interestingly, middle-class people never seem to have to make these leaps themselves and they certainly do not become entirely self-

sufficient. To paraphrase Ambrose Bierce, these tonics are “admirably suited to the needs of my neighbour.”

For every story about how someone rose to success after starting out with three cents in his or her pocket, no education, and a family to feed, there are a hundred stories about those who did not. We implement social policy and programs for the majority, not for the odd success story that didn’t need either the policy or the programs to begin with.

The solution here is simple. Bad design is bad design. Designs created to fit with the needs of mythology are still bad designs. Adversity is not ennobling in a social policy context. When we create adversity for adversity’s sake, the result is inefficient programs as well as unnecessary social and economic costs.

Time jealousy

Just prior to Canada Day, the *Toronto Star* profiled a quintessentially Ontario family with two children and both parents working. Like many Canadians, the adult family members worried about taxes and education and quality of life.

However, as increased work hours have encroached on family life, middle-income Canadians have begun to worry about their ability to meet commitments to stay in touch with family and friends, and enjoy other aspects of social life.

This is not a new story. It is heard all over Canada among educated workers who are finding a 24/7 work world difficult to navigate. We have no standards from the past to tell us how to make the crucial decisions that will balance our work and family life.

Of course, advertisers have long known about this issue and push an assortment of gadgets to help us meet our commitments. Perhaps the most successful have been cell phone advertisers. “Mommy’s having a meeting!” squeaks a gleeful child at the beach showing Mommy meeting her commitments to both job and family, work and recreation, children and boss, through the magic of the cell phone.

Like it or not, our imagery of the poor, which used to be about people who we thought did not have choices, has now become the negative image of people who have “time on their hands”; people who can meet their commitments because they do not have a job, or working poor

people with few hours of work. These are people who can stay home with their kids and have a limited set of responsibilities.

The lack of ability to meet commitments, more than anything else, has encroached on the sense of empathy that the general public once had for the poor.

Yet the reality is different. A life lived on minimum wage means constantly doing without, constantly failing to meet commitments, filled with endless hours juggling and rejuggling finances and sorting out minor economic crises that middle-income people would solve with a cheque and some minor belt-tightening.

Let's look at what the groundbreaking *Transitions* report said in 1988 about the lives of the poor:

Compared with higher-income groups, low-income Canadians

- Experience a greater prevalence of health problems and are ill more often. Poor families require more hospital care, mainly because of their relatively higher-than-average length of stay in hospital
- Are more than twice as likely to suffer mental disorders
- Have fewer years of life that are disability free
- Are less happy. The tendency to report "happiness" decreases with decreasing socio-economic status. Poor people also perceive their health being worse than that of people with higher income and higher education
- Die younger. Men can expect to live 6.3 fewer years and women 2.8 fewer years. To a much greater extent than higher-income persons, they die from accidents, poisonings, violence, and respiratory and digestive disorders, some of which are preventable.²⁴

Advocates and the media unwittingly feed the opposite image by talking about "Welfare recipients" or the "working poor" as if they were inert beings who defined their daily existence in terms of their immediate source of income, leading a skeptical public to view them as poor problem solvers with time on their hands.

By default, these are folks who don't *want* to get out of their economic circumstances. The fact that their lifestyle is one that they perceive as often failing to meet their commitments to economic self-sufficiency and failing to provide properly for dependants is not a story that middle-income people often hear.

The failure of traditional advocacy in addressing adult poverty

Advocates may be impeding progress in improving the lot of low income adults by continuing to embrace old ideas of adequacy tied to increased welfare. They confuse the public by being critical of welfare while calling for large increases. In addition, advocates are often silent about the crucial role of work, as they do not wish to be seen as supporting schemes that require work as a precondition of improved income security measures. Their support for higher welfare may have inadvertently inhibited progress towards improvements for all low-income adults.

The cyclical story of the working and welfare poor

Working poor people cycle on and off welfare. Welfare recipients cycle into and out of work. Each time they go to welfare or fear going to welfare, the normal economic build-up of assets and income taken for granted by so many Canadian families is interrupted.

Middle-income Canadians often think of *themselves* as the working poor, over-taxed or otherwise “hard done by.” But their lives, for the most part, continue to improve throughout their adult years. They pay off mortgages and gradually build up wealth.

This is not the case for the working and welfare poor. Everything – from rules governing assets while on welfare to the lack of savings plans that provide tax benefits for the poor – tends to conspire against poor people trying to break out of poverty.

But just as it is hard to get working poor people to describe themselves as such, it is equally hard to get welfare recipients to see themselves as exactly that. They break the mould by constantly claiming to be examples of their vocation, but currently not participating. They are mothers’ friends, volunteers, students, and caregivers, never welfare recipients.

What this means is that welfare recipients and working poor tend to be exactly like “us” – people who do not feel they have the time or resources to meet their commitments, people who want to do better, overcome adversity, and make it.

The story of many of the poor as moving constantly from welfare to work and back again is not the story that advocates are telling. The story that is circulating is a story of idleness and time available to do the things that middle-income people see as an impossible dream. All of this conspires to make us unsympathetic to the plight of people who are not like the rest of us. When we ourselves had more time, we wanted to help; now we do not.

The answer is to get the real story out; to focus on the daily struggles poor people make to move away from welfare, not the story of how they don't have enough welfare money. Advocates need to tell about the impediments to work, the impediments to meeting commitments, and the impediments to overcoming adversity.

The importance of the costs of living and working

The public at large has not seriously come to grips with the seeming contradiction posed by enduring welfare caseloads and "Help Wanted" signs in store windows that go unanswered. Advocates have not helped make the connection for the public that the two phenomena are related. More importantly, they have not shown the public that high welfare costs and labour shortages cost the public money and lower the quality of our infrastructure. Each of these deficits adds costs and reduces the quality of our economy and society as a whole.

Although there is much talk about the cost of living in Canadian society, there is little available analysis of the costs of living and working.²⁵ But work costs are growing, especially in urban environments. The cost of housing, taxes, transportation, prepared meals, work clothing, personal work stations at home, and a variety of mobile devices to stay in touch are all part of the cost of working. So too are child care, drug costs, dental care, and personal grooming.

Most of these items are sunk costs rather than variable costs that fluctuate according to income. However, to the extent that they do vary, the poor pay more and get less advantage from paying these costs.

For example, higher-paid staff will have better pensions, more opportunity to save, medical coverage of various sorts, and other subsidies; the better the job, the more the assistance is the norm.

However, if it is true that the poor pay a greater percentage of the cost of working, it becomes clearer why they cannot afford to take certain jobs. Negative incentives (the difference between wages and welfare) have grown over the years, but the costs to take a job have grown too.

Public discussion on the cost of living is common, but one seldom hears about the parallel cost of working. If the cost of living is the only part of the equation that ordinary Canadians ever see, then they will continue to wonder why the low-end jobs are not taken by the very recipients of social assistance that they think should take them.

Minimum wages multiplied by the average hours of a minimum-wage job totals just over \$900 a month. The costs of living and working in Toronto costs more than that. A \$520 welfare check just to live may be more economically viable than trying to live *and* work in Toronto.

And for those who think that there is a need to lower welfare rates still further, this type of change would not make it one bit more plausible to take minimum-wage work in downtown Toronto.

The real answers are to make work pay and to provide income supplements to persons in the low-end labour market. Raising welfare rates to levels that approximate adequacy is a notion popular only with advocates. As far as the public is concerned, that message falls on deaf ears, as work must be part of the equation.

Telling the story better – “It’s about ends, not means”

Advocates who have the right ideas about reform spend a lot of time talking to other advocates and insufficient time talking to the public that may be interested in the issues that they champion.

Often, advocates have called for increased social assistance or increased EI payments with improved coverage. However, a public that is increasingly concerned with outcomes or ends as opposed to the means of providing the outcome, often finds it difficult to understand why more social assistance, better EI, or improved minimum wages are required in the first instance. Advocates need to show that the purpose of providing better benefits, once an anti-poverty objective, is now urgently required to preserve any possibility that an employable person will be in a position to take a job in the first place.

Simply put, it costs money to get a job and retain a job. Job searches cost money. Work expenses cost money. Advocates need to begin the job of public education to illustrate that the current erosion of benefits and social policy for working-age Canadians is more than another opportunity for low-income people to overcome adversity.

Advocates need to show that there is a point of no return from adversity, when wages become so low and costs so high that the life to which we are sending social assistance recipients is economically impossible.

Conclusion: Fix the programs, not the people

Transitions, the Report of the Social Assistance Review Committee in 1988, returned over and over again to the need to assist the welfare and working poor by increasing equality of opportunity and improving and assisting self-reliance. Much time was given in *Transitions* to debunking false distinctions in the public mind between the welfare and working poor (often the same people at different times), false stereotypes of who receives social assistance, and the incorrect notion that people on welfare do not want to work.

However, the goal of changing public attitudes in *Transitions* centred on providing information to the public to resolve contradictions in the public mind respecting who receives assistance and why.²⁶ The goal is now different. It now centres on the new themes of convincing the public that working-age, low-income Canadians:

- are charged with overcoming much more adversity than the public at large and much more adversity than is reasonable;
- do not have “time on their hands”;
- have more difficulty meeting commitments than average Canadians;
- cannot depend on good fortune to help them through;
- need programs and social policy improvements like other members of society.

While historians will doubtless debate the reasons for emerging asymmetry in income security and social policies for working-age, low-income Canadians, one point is clear: welfare and minimum-age solutions no longer work.

In 2003, Ontario faced an election which could have been an acid test for the poor in Ontario. However, all three political parties have invested very little political capital in income security, while some like the NDP have highlighted the minimum wage as a major issue. But small increases and vague bromides appear to be the order of the day while more and more Ontarians are finding it increasingly difficult to make the leap from welfare to work in a reasonably promising economy.

It is now time to take these voices and the voices of others, and create a new and convergent process to provide the framework for public education and program reform.

Welfare deconstruction is a new approach to income security reform that attempts to break down inoperative distinctions between the working poor and welfare poor.²⁷ They are often one and the same people, spending most of their lives without EI or welfare while spending brief spells on these programs that are designed to help but which often hinder the return to self-sufficiency.

The Ontarian and Canadian public is right to react in a lukewarm way to increases to programs that have not been increased in years. The solutions lie elsewhere, in programs that support work as opposed to non-work, and that provide incentives to work, rather than guaranteeing long periods of intractable poverty. Anti-poverty activists and advocates have for the most part come to the collective conclusion that welfare and traditional EI solutions are as unattainable as they are unsustainable.

So what are the solutions? In design terms, the break-up of welfare into its component parts and the extension of a limited number of crucial benefits to the working poor is a key element of the framework. EI reform to assist people in the last-hired, first-fired and part-time, low-wage economy is the other. However, the detailed design is the objective of the approach, not its beginning.

The process must begin with the education of the critical and yet-to-be-convinced public. They have spoken at least twice with their support of welfare cuts and mandatory workfare in Ontario in 1995 and British Columbia in 2001. But they did not necessarily call for the relentless erosion of the three pillars of income security for the working-age poor. Some themes that may capture public interest and create opportunities for debate are as follows:

- Both left and right agree that the vulnerable poor ought to be in (or be provided the opportunity to be in) the paid labour force.
- The cost of living and working especially in larger Ontario cities is unsustainable on either welfare or a minimum wage income or the combination of the two. Without EI, want ads will remain in windows and welfare caseloads will remain static.
- People are starting to notice the asymmetry in income security. The forty consecutive increases in old age security in the face of a 35% erosion in welfare are clearly visible over a ten-year period.
- Debate is beginning to move away from anti-poverty issues to issues related to helping people sustain a working lifestyle.
- The importance of meeting commitments in work and family life is becoming more and more a standard theme among middle-income working Ontario and Canadian families. Welfare imagery in contrast, fosters images of persons who don't work who have easily met commitments to life in the home. These unrealistic images need to be challenged.

Finally, Canadians need to understand that programs that create disincentives to working, asset development, and self-sufficiency create problems for society as a whole. Higher taxes, poor health, and job and skill shortages cost money and squander resources. This can be the second-hand smoke of the move to provide income security in new and innovative ways.

This is the first time in Canada's and especially Ontario's income security history that we have experienced such long-term and relentless erosion of the three pillars of financial well-being for low-income, working-age adults. There is no time like the present to begin to restore it in new ways that will stop us from penalizing low-income people and help us meet the income security and social policy goals of all Canadians.

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Endnotes

- ¹ Bob Elliott and Ray Goulding, *Hand Folded Paper Clips*, performed on the Tonight Show hosted by Johnny Carson in the 1970s.
- ² Ontario Ministry of Community, Family and Children's Services, Social Assistance Statistics, April- June 2003.
- ³ The Hon. Janet Ecker, Ontario Budget 2003.
- ⁴ See Ken Battle, *Minimum Wages in Canada: A Statistical Portrait with Policy Implications* <http://www.caledoninst.org/Abstracts/MinWage.htm>
- ⁵ Treasury and Economics Ontario, Ontario Statistics.
- ⁶ Bruce Little, *Globe and Mail*, July 21, 2003.
- ⁷ <http://www.caledoninst.org/pov97b.htm>
- ⁸ Andy Mitchell, unpublished manuscript on Ontario social assistance and inflation rates.
- ⁹ Ontario Works Regulation, http://www.e-laws.gov.on.ca/DBLaws/Regs/English/980134_e.htm#P1043_90300
- ¹⁰ Ontario Works Regulation, [http://www.e-laws.gov.on.ca/DBLaws/Regs/English/980134_e.htm#55.\(1\)](http://www.e-laws.gov.on.ca/DBLaws/Regs/English/980134_e.htm#55.(1))
- ¹¹ Ontario Works Regulation, [http://www.e-laws.gov.on.ca/DBLaws/Regs/English/980134_e.htm#49.\(1\)](http://www.e-laws.gov.on.ca/DBLaws/Regs/English/980134_e.htm#49.(1))
- ¹² Battle, *Minimum Wages*.
- ¹³ Standing Committee comments on Bill C-2 in December 2000 when the EI surplus rose higher than \$30 billion, http://www.oag-bvg.gc.ca/domino/other.nsf/html/01hr01_e.html. Also see CLC comments at: http://clc-ctc.ca/web/menu/english/en_index.shtml?load=action.web.ca/home/clcadmin/en_alerts.shtml?scr=1&scr_scr_Go=15&AA_EX_Session=c34dc61d34d370bed47194300758c53d
- ¹⁴ *Time for Action* (1992) the second report of the Minister's Advisory Group on the implementation of new Social Assistance legislation in Ontario following *Transitions*. The Advisory Group was chaired by Professor Allan Moscovitch.
- ¹⁵ Rene Morrisette, "Families on the Financial Edge,;" *Perspectives*, Fall 2002 <http://www.statcan.ca/Daily/English/020718/d020718i.htm>
- ¹⁶ The Manley Budget provides details on the growth of child benefits at <http://www.fin.gc.ca/budtnoce/2003/budliste.htm#speech>

- ¹⁷ National Council of Welfare, *Welfare Incomes 2002, Spring 2003*
<http://www.ncwcnbes.net/htmldocument/reportwelfinc02/WelfareIncomes.pdf>
- ¹⁸ British Columbia introduced time limits for recipients of welfare in 2002. See
<http://www.news.gov.bc.ca/default.asp?st=16>
- ¹⁹ Battle, *Minimum Wages*.
- ²⁰ See <http://www.chaseo.org/PTRFTK-campaignposter.html>,
<http://www.paytherent.ca/pdfs/brochure.pdf>, <http://www.paytherent.ca/>
- ²¹ See <http://www.ocsj.ca/docs/flyer-english.pdf>
- ²² For example, <http://www.cprn.com/cprn.html> ,
http://www.cprn.com/docs/corporate/ssp_e.PDF,
<http://www.statcan.ca/Daily/English/020718/d020718i.htm>, and
<http://www.td.com/economics/special/special.html>
- ²³ See Clifford J. Williams, *Decades of Service, A History of the Ministry of Community and Social Services*, Ontario, 1983, for a discussion of changing values and social services.
- ²⁴ *Transitions*, p. 460.
- ²⁵ Low Income Cutoffs and Market Basket Measures generally cover issues relating to living frugally and carefully, but do not overtly cover the costs of work.
- ²⁶ *Transitions*, pp. 510-512.
- ²⁷ See Marc Lee, *Snakes and Ladders, A Policy Brief on Poverty Dynamics*, Canadian Centre for Policy Alternatives, October 2002.