THE WELFARE STATE SINCE 1975

By
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1985

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Much has been written in the United States and the United Kingdom in the last few years about attacks in society on social expenditures and social programs. Dramatic declarations of shifts in social policy and implementation of cuts caused serious gaps in service and financial support. Such gaps were obvious and invited comment.

In Canada the policy of restraint by both Federal and provincial governments developed more quietly from 1975 to the early 80’s. The attack on social expenditures was being implemented without much fanfare till the change of government in 1984, when the Canadian version of the Welfare State was squarely up for public debate.

This paper by Allan Moscovitch is one of the first to examine the development of restraint in social expenditures and the erosion of social programs and services on a national basis. The information he provides forms a sound basis for analysis. In his examination of developments, he raises issues which we as Canadians must consider seriously. The erosion of social benefits, the increase of premiums and user fees, privatization of services and/or delivery of services, and restraint in areas such as social housing have far reaching implications for the quality of life for Canadians, particularly for those in the lowest two quintiles.

The challenge of doing more than fighting a rear guard action to retain the level of service we now have needs immediate response by all Canadians who are concerned about equity, justice and an acceptable quality of life for everyone.

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Dean, Faculty of Social Work
University of Regina
INTRODUCTION*

Welfare state programmes have been variously credited with being the logical outcome of material advance, the foundation of social stability, and a key lever of fiscal policy providing an automatic counter cyclical injection (or withdrawal) of spending power as needed. Thus, the recent attack on the welfare state in several capitalist democracies represents a significant attempt to shift away from the ideological and material basis of post-second world war prosperity.

The establishment and expansion of welfare state programmes was predicated on a new-found faith in the capacity of capitalist states to maintain stability and growth by manipulating essentially private enterprise economies. But, as the economic fortunes of western capitalist countries began to decline from the early 1970's onwards, a counter ideology has been fostered and has taken root to varying degrees in these countries. It is the

* The author wishes to acknowledge the assistance of Diane Bellemare and Céline Saint-Pierre, the editors of Les stratégies de Réprise in which this work originally appeared. Helpful suggestions for revision of the text were received from colleagues Peter Findlay and Gillian Walker. The research for this paper was completed in June 1984.
belief that welfare state spending is not a response but is itself a major cause of economic and social decline. The major exponents of this view have generally been termed members of the new-right; their arguments have been taken up in earnest by the Conservative government in Britain under Margaret Thatcher and the Republican U.S. government of Ronald Reagan. The use of this argument and its application to Canadian state policy and programme spending decisions has been more varied and less consistent than in either Britain or the U.S. And, until the appearance of the British Columbia Social Credit programme in 1983, it has been considerably less draconian as well.

The foundation of postwar welfarism was full employment— in the paid labour force for male workers, and in the unpaid labour force for most women workers. The latter were largely but not exclusively engaged in housework and child care at home. Although Canada's unemployment rate was generally higher than elsewhere during the 1950's, nonetheless the welfare state was envisaged as an adjunct to a full employment society with a smoothly functioning capitalist labour market. In this context a principal role for the postwar Welfare State was the maintenance of a trained and relatively cheap labour force. This was accomplished through a range of education, employment, family and child support and family regulation policies. The Canadian welfare state also came to deal with a relatively wide range of society's casualties through unemployment insurance, Old Age Assistance, workers' compensation, disability pensions, social assistance, and hospitalization. These latter programmes were, of course, predicated on the necessity for males to support a family, and on the availability of large amounts of unpaid female labour. In the 1950's and 1960's welfare state programmes were consolidated and expanded to provide higher levels of support and a more extensive range of benefits and services. However, they retained their adjunct character.
In the 1970's, growing welfare spending came up against declining rates of economic growth and profitability, rising unemployment, and an increasing disintegration of the conventional two-parent family. In several countries these conditions led major sectors of capital and the state to accept easily an ideology that blamed state workers as well as the victims of recession for bringing on the recession. The subsequent attack on welfare spending based on this ideology has contributed to a further downward spiral, as rising unemployment creates further demands on welfare state programmes - on those programmes, in other words, in which it has been the state's intention, variously, to reduce spending.

THE ATTACK ON SOCIAL EXPENDITURES IN CANADA

The role of social welfare in Canadian public ideology has been and remains less disturbed by currents of counter reform than in either the U.S. or Britain, where we find the more extreme examples of the attempt by the new-right to assert its ideology of 19th-century individualism, markets and law and order. Consequently, while institutions of social welfare have, to varying degrees, been eroded, there are few examples of attempts at the wholesale dismantling of social programmes.

We have not seen a sustained, purposeful, ideological attack on welfare recipients, the unemployed and women; nor have we seen a righteous defense of the family, of free markets as the means to a new glorious future, and of
increased law and order as a necessity. What I emphasize here is only the lack of a sustained attack, until the events of 1983 in British Columbia.

Most provincial governments and the federal government have not appeared to relish such an option. Since unemployment and inflation began rising during the mid-1970’s, these governments have been primarily concerned with holding down the rate of growth of social expenditures while rationalizing existing social programme budgets. The combined effect of inflation and restraint, when balanced against increasing demands on programme budgets, appears only to have been to reduce the rate of increase of social expenditures while actual expenditures rose in both real and constant dollar terms for federal, provincial and municipal programmes. For example, between 1975 and 1982, total (federal, provincial and municipal) social security expenditures more than doubled from $21.29 billion to $52.1 billion in current dollars, and increased by 29.05 percent in constant dollars from $16.49 billion to $21.28 billion (Table 1). However, as a percentage of all state expenditures, social security fell from 31.2 percent to 30.3 percent over the same period, a decline in the relative position of social programmes in the face of escalating demands, due chiefly to sharply-rising numbers of unemployed.³

When we dissect the data further we find that Federal social security expenditures, representing a little more than 60 percent of the total in 1982, rose by only 23.0 percent over the period 1975 to 1982. However, during the same time period, provincial social security expenditures rose by 40.56 percent and municipal expenditures, by 31.8 percent in constant dollars (Table 1). Some underlying trends masked by the aggregate data are thereby revealed: as more workers are made unemployed they are likely first to make demands on unemployment insurance but, when eligibility runs out and employment is
Table 1. Constant Dollar Social Security Expenditures 1975-1981
($ millions)

<table>
<thead>
<tr>
<th>Federal Expenditures</th>
<th>Provincial Expenditures</th>
<th>Municipal Expenditures</th>
<th>All Governments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>$10.54</td>
<td>$5.72</td>
<td>$0.22</td>
</tr>
<tr>
<td>1982</td>
<td>12.96</td>
<td>8.04</td>
<td>0.29</td>
</tr>
</tbody>
</table>

% change
1975 - 1982           | 23.0%                    | 40.56%                 | 31.8%           | 29.05%          |


unavailable, they are forced to turn to social assistance, a social programme at least partially funded provincially and, where relevant, municipally. Similarly, in provinces with municipal welfare programmes, the effect of provincial budgetary restraint is to deny municipalities access to federal funds under the Canada Assistance Plan. The consequence is to force municipalities to expand their own direct expenditures if social assistance and other social services are to be maintained. This is in fact what has been occurring.

While aggregate provincial data suggest social security spending growth well in excess of the Federal levels, these data also mask considerable internal variation. Four provinces have had 7-year growth rates of 40 percent or more: Saskatchewan, Alberta, British Columbia and Quebec. The latter had an increase of 83.3 percent. New Brunswick at 33.3 percent was not far below the average, while 4 provinces were at 20 percent or lower: Newfoundland, Prince
Edward Island, Nova Scotia and Ontario. The latter at 10.2 percent had the smallest increase in constant dollar expenditures over the period (Table 2).

The approaches of the British Columbia and Ontario Governments to social spending offer a contrast in the ideology and practice of restraint. In both provinces conservative governments have been in power during the recent period of recession. In British Columbia, the Social Credit government has provoked a major confrontation with labour and social movements which formed a common front solidarity coalition to oppose the reductions in social service programmes and in the numbers of public service employees. The BC government has been influenced, it appears, by the rhetorical style of American and British governments and by the Fraser Institute, a BC-based rightwing "think tank," to substantially reduce social spending as part of a conservative crusade. In Ontario, the Conservative government appears to have accepted that the ideology of welfarism cannot be easily dislodged. Consequently, it has used

Table 2. Total Provinical Social Security Expenditures, Constant Dollars by Province 1975-1982 ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>NF</th>
<th>PEI</th>
<th>NS</th>
<th>NB</th>
<th>QUE</th>
<th>ONT</th>
<th>MAN</th>
<th>SASK</th>
<th>ALTA</th>
<th>BC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>$0.10</td>
<td>$0.021</td>
<td>$0.16</td>
<td>$0.12</td>
<td>$1.56</td>
<td>$2.16</td>
<td>$0.23</td>
<td>$0.20</td>
<td>$0.44</td>
<td>$0.70</td>
</tr>
<tr>
<td>1982</td>
<td>0.12</td>
<td>0.025</td>
<td>0.19</td>
<td>0.16</td>
<td>2.86</td>
<td>2.38</td>
<td>0.29</td>
<td>0.29</td>
<td>0.67</td>
<td>1.03</td>
</tr>
<tr>
<td>% increase</td>
<td>20.0%</td>
<td>19.0%</td>
<td>18.8%</td>
<td>33.3%</td>
<td>83.3%</td>
<td>10.2%</td>
<td>26.1%</td>
<td>45.0%</td>
<td>52.3%</td>
<td>47.1%</td>
</tr>
</tbody>
</table>

the rhetoric of "blaming the victim" from time to time to make specific changes and to attempt to gain specific political advantage. At the same time it has effected a quiet and constant erosion of welfare programmes and spending in the name of efficiency and penury. Per capita provincial social security spending rose marginally in Ontario in constant dollars from $266 to $275, the smallest per capita increase of all the provinces. By contrast, per capita expenditures in British Columbia rose from $295 to $374.5

The significance of a 10.2 percent real increase in social spending in Ontario during seven years of economic decline can be made clearer by an examination of the growth in numbers of social assistance recipients who are employable. In December 1975, there were a total of 23,991 employable claimants and a further 25,243 family dependents. By December 1982 there were 58,783 employable and 56,085 dependents, an increase of 145.0 percent and 122.2 percent respectively (Table 3). In other words, while the demands for

<table>
<thead>
<tr>
<th>Table 3. Ontario General Welfare Assistance Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>December 1975</td>
</tr>
<tr>
<td>December 1982</td>
</tr>
<tr>
<td>% Increase 1975-1982</td>
</tr>
</tbody>
</table>

Sources: Ontario Ministry of Community and Social Services. Quarterly Statistical Bulletin. October - December 1982, Table 1; October - December 1975, Table 1.
social assistance were rising rapidly, real provincial expenditures were rising relatively slowly. One important consequence has been an erosion of Ontario social assistance rates. As the Social Planning Council of Metropolitan Toronto has pointed out, General Welfare rates in Ontario were eroded by more than a third between 1975 and 1982 in terms of real purchasing power; Family Benefits experienced a similar shortfall, on various estimates, of 25 percent. Another consequence has been the partial shifting of the costs of social programmes onto regional and municipal governments.6

Most provincial governments during restraint have been of one or another conservative bent. Saskatchewan, by contrast, had a social democratic government while Quebec has had a nationalist and avowedly socially-oriented government during most of the period. In the former case, on the simple measures we have been using, social security expenditures rose by 45.0 percent, but from a relatively lower base. In the latter case, social security expenditures rose by 33.3 percent to a per capita Canadian high of $451.00. Both of these governments have become involved in bitter confrontations with public service employees not unlike those occurring elsewhere in the country, and have been the cause of popular mobilization around particular social benefit programmes. Quebec, for example, with high rates of youth unemployment, has kept social assistance rates for single employable claimants under 30 so low as to provide only for barest subsistence. 7

A recent OECD study provides some comparative perspective on Canadian social spending in the recent past. Including spending on education, health, pensions, unemployment insurance, family allowances and other income maintenance programmes, real social expenditures rose by annual rates of 9.5 percent from 1960 to 1975, but by annual rates of 2.9 percent from 1975 to 1981.8
Among the seven major OECD countries, Canada's rate for the 1960 to 1975 period stood at just below the highest rate of annual expenditure growth (Japan's was highest at 9.7 percent). However, for the 1975 to 1981 period, Canada's rate stood second to Germany's 1.9 percent, the lowest rate.

In 1960, before the major social reforms of the 1960's, social expenditures as a percentage of Gross Domestic Product (GDP) for Canada stood at 12.1 percent, slightly below the average for OECD countries which was 14 percent. In 1981 social expenditures of the OECD member countries had risen to 24 percent on average of GDP, leaving Canada, at 21.7 percent, slightly farther below average. Only six of eighteen countries surveyed spent less.

A related measure of social spending, the ratio of social security expenditures as a percentage of Gross National Product (GNP), allows for more detailed examination of the recent period. On this basis state social spending rose from 14.05 percent in 1975 to 14.84 percent in 1981. In relation to all state expenditures, social security expenditures actually fell from 31.24 percent to 29.59 percent from 1975 to 1981, rising to 30.26 percent in 1982.9

These data suggest that what has occurred is an erosion of social expenditures reflective of the uneasy balance between social forces - forces that range, on the one hand for restraint, and on the other for welfarism. The pervasiveness of the welfare state and the ideology of welfare have thwarted efforts by more conservative political forces in Canada to establish, other than in British Columbia, a position of ideological dominance. At the same time, provincial governments and the federal government have used "restraint" as a vehicle for justifying tight budgets. These "restraints," combined with changes in the terms and conditions of social programmes, have led to a quiet but constant relative erosion of state social spending, an
erosion common to many capitalist democracies undergoing economic and fiscal crisis. As well, they have led to a concomitant restructuring of capital and of the welfare state.10

THE EROSION OF SOCIAL SPENDING

The welfare state has ushered in an era of economic security. It has insulated many workers, male and female, from the worst effects of the so-called discipline of the labour market by providing statutory and insurance rights to income under particular circumstances. The wider effect of continued consumption in the economic sphere has become an important means by which the state can manage the economy.

To the individual, state social welfare has established a series of social relations which are guided by policies, administrative rules and practices which determine access to benefits, the extent of benefits, and the price (fee, premium, contribution) to be paid. It is through changes to these policies, rules, and practices rather than through the wholesale dismantling of social programmes that the first steps towards the restructuring of social welfare have been taken. This is not to say that the dismantling of some programmes has not occurred, but rather that in Canada this has not been a preferred strategy, as I have emphasized previously. Lastly, social spending is directly affected by the cost of provision of the benefit or service. The politics of "restraint" have led to a number of methods of cost cutting, from reduction of real wages and salaries of social service workers, to layoffs,
budgetary squeezing and the privatization of social programmes. In practice, all these strategies have been used to a greater or lesser degree to reduce social spending. What follows here are several examples which illustrate the implementation of these cutback strategies.

**Selectivity as a Means of Changing Eligibility and Benefit Rates**

One means of eroding social welfare has been through the use of more selectivity, or means testing of benefits. A more selective approach to Family Allowances was floated in the fall of 1982, but it was never pressed further by the Federal government because the removal of this widely available benefit was not likely to be politically popular. While selectivity had some appeal, the accessibility of family allowances across classes and the payment of the benefit directly to women in most cases appeared to prevent any change.  

However, selectivity has been introduced into this federal social benefit programme through the "back-door." In 1978, the federal government enacted the child tax credit, a means of providing a benefit very similar to the family allowance. Expenditures under the child tax credit have increased from $874 million to $1.1 billion, an increase of 25.8 percent while expenditures on family allowances have declined marginally. By 1982 the child tax credit increased to the point where expenditures on it represented 54.5 percent of the total of family allowance payments. What is striking about it is how little debate there has been over what can now be clearly seen as a programme which is a philosophic break from the past on two counts. First, and most obviously, the income tax system is now being overtly used to deliver a
benefit. For example, to those for whom the family allowance has represented a not insignificant source of monthly income, this silent shift to a tax-based approach may pose a problem since tax benefits are currently paid annually, while the family allowance is paid monthly.

If the two programmes are reviewed as together providing federal family benefits, then this shift to a tax-based form of delivery of social welfare has been accompanied by the introduction of a form of selectivity, in that the value of the child tax credit falls up to a maximum cut-off income, above which families are ineligible for any benefit. The rise in the value of the credit in relation to the family allowance points to the clear intention of the federal government to erode the universal benefit in favour of the selective scheme.

Changes to the Old Age Pension (OAP) and the Guaranteed Income Supplement (GIS), two major federal social security programmes, reflect the erosion of the universally accessible pension in favour of the means tested supplement. Between 1975 and 1982 the dollar value of the OAP has been increased by a little greater than 100 percent while the GIS has increased by almost 200 percent. Since the Consumer Price Index has increased by 89.5 percent over the same period, the real value of the OAP increased marginally while the GIS has increased substantially.\(^\text{12}\)

The application of the 1982 federal restraint programme to the OAP limited indexation of benefits to 6 percent for 1983 and 5 percent for 1984. However, no limitation was placed on the indexation of the GIS. On the contrary, the intention was to augment the value of the GIS to recipients in order to compensate for the decline in the value of the OAP, thus making
explicit the strategy of reducing access to the universal pension in favour of the means tested programme.\textsuperscript{13}

Adjusting the funding and altering the rate structure of social programmes are just two methods of introducing selectivity. A third method which has been in use in the case of unemployment insurance is the lowering of the terms of eligibility and of payment. Changes introduced between 1976 and 1979 extended the entrance requirement from 8 weeks to a regionally variable 10 to 14 weeks. In addition, new entrants and re-entrants to the labour force must work 20 weeks to qualify, while unemployment insurance repeaters must work between 16 to 20 weeks to requalify; these conditions were established in the 1979 amendments. Further, the disqualification period of 3 weeks for workers who quit or are fired was extended to 6 weeks. Similarly, these amendments reduced the number of weeks a worker could collect benefits, and reduced benefits to a maximum of 60 percent of past earnings.\textsuperscript{14}

A study for the Social Planning Council of Metropolitan Toronto has suggested that there has been a significant erosion in the extent of coverage of unemployment insurance, due primarily to the amendments made between 1976-1979 when unemployment rates were rising. At the same time premium increases and federal contribution reductions have led to a decline in the proportion of unemployment insurance paid by the federal government between 1975 and 1981.\textsuperscript{15}

**Premiums and User Fees**

Selectivity is one way of limiting access to social benefits; another is provincial premiums and user charges. As health expenditures have risen, some provincial governments have variously raised premiums and user charges as a
means of raising greater revenues. At the same time the effect of these premiums and charges has been to impose a growing tax on illness and the ill.

Ontario is one of four provinces and territories to institute health care premiums. These have been increased several times over the last few years. As the National Council of Welfare\textsuperscript{16} study shows, the burden of these premiums falls most heavily on individuals and families just above the minimum income levels below which premiums are subsidized. Thus, a family of four earning less than $13,000 is subsidized, but a family of four earning $14,000 pays the full rate and thus bears the highest premium burden of 4.6 percent. Yet that $14,000 income still leaves that family below the poverty line. A family earning $40,000 pays the same premium, but it represents only 1.6 percent of income. A consequence of premiums is to impose the heaviest burden of financing the health system on many of those least able to pay.\textsuperscript{17}

Similarly, provincial governments have initiated, or increased the two main types of user fees: hospital charges, and doctors' extra-billing. Both types of fees undermine universality, and erode social benefits by increasing what users must pay for the same benefits. Only Quebec and Saskatchewan have virtually eliminated extra-billing; in other provinces the amount of extra-billing has been growing. In 1981 the value of extra-billing as a percentage of medicare costs reached 4 percent in Alberta, and 3.5 percent in Nova Scotia and Ontario. In all three cases, provincial governments have purposefully allowed and defended extra-billing.\textsuperscript{18}

In some cases the conditions of imposition of user fees as premium have been waived for welfare recipients, the elderly, or for low income patients by individual doctors. Wherever such practices have been implemented they amount
to more means testing, more stigmatization, or worse a reversion to the charity of years past and an undermining of social welfare benefits.

Privatization and Cost Control

The range of strategies for effecting cost reductions includes the introduction of labour saving technology, work study methods to control work and raise productivity, and budgeting techniques to rationalize limited expenditures. These have been combined with controls on salaries and on numbers of staff to induce a decline in real wages and in staff/client ratios in social programmes. One result is a deterioration of service which is concomitant with an increase in the numbers of clients "processed."19

The search for cost control techniques has intersected with capital's renewed search for profitable opportunities, and with laissez faire ideology to produce the strategy of privatization. Private provision of social services at public expense is hardly new; in many provinces some nursing homes and institutional child care facilities, among others, are in private hands. More recently provincial and municipal governments have been contracting-out services, often as a way of bypassing union contracts, in order to effect staff and wage reductions. A recent well publicized example of contracting-out is the step by Hawkesbury, Ontario, hospital to place management in the hands of AMI Canada Ltd., the subsidiary of a U.S. based company.20 While there are few details as yet available, there appears little evidence that the Ontario Government or the hospital tried to institute planning for efficiency. While there may be some short-term savings, over the longer term privatization
is no miracle cure; on the contrary it can lead only to service reduction or cost increases.

Federal "social" housing policy provides a further illustration. Programmes to provide capital grants and loans to support public, federal, provincial non-profit and co-operative housing were the four main components of social housing. The peak year of expenditure was 1976 when a total of $778.2 million was put into the four programmes. Between 1975 and 1982, social housing expenditure fell from $595.8 to $113.2, a decline of more than 400 percent in current dollars (Table 4). If account were taken of inflation, social housing capital expenditures would be rendered a trivial sum.

The expansion of social housing programmes in the 1970's became a source of concern to an arm of government, Canada Mortgage and Housing Corporation (CMHC), which is fundamentally concerned with the health of private industry not with the unequal distribution of housing. In the case of non-profit and co-operative housing the programmes were altered to eliminate the availability of direct loans. Instead, prospective cooperatives and non-profit (including municipal) housing corporations were directed to obtain funds from private lenders after 1978. Previously private financial institutions had shown little interest in lending to co-operatives or non-profit companies, but under the new terms of reference, CMHC would pay to write down the effective interest rate to the borrower to 2 percent from the market rate, and it would guarantee the loan, thus removing the risk. Since the federal government can borrow funds more cheaply than private financial institutions, the effect of privatization is to increase the unit cost of social housing to CMHC. The increase appears in the operating rather than the capital budget and pays for the profits of the private financial institution.
Table 4. CMHC Social Housing Programmes Current Dollars 1975-1983 ($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Public</th>
<th>Non-Profit</th>
<th>Cooperative</th>
<th>Federal-Provincial</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>$296.2</td>
<td>$159.0</td>
<td>$44.4</td>
<td>$96.2</td>
<td>$595.8</td>
</tr>
<tr>
<td>1976</td>
<td>350.4</td>
<td>288.0</td>
<td>40.3</td>
<td>99.5</td>
<td>778.2</td>
</tr>
<tr>
<td>1982</td>
<td>14.1</td>
<td>0.6</td>
<td>0.2</td>
<td>98.3</td>
<td>113.2</td>
</tr>
<tr>
<td>1983</td>
<td>9.6</td>
<td>0.2</td>
<td>0.1</td>
<td>94.1</td>
<td>104.0</td>
</tr>
</tbody>
</table>

Sources: Canadian Housing Statistics. 1983, Table 29; 1982, Table 27; 1980, Table 27.

Similarly funding for public housing has been reduced while funding for new private home ownership and renovation programmes has been expanded substantially. For example under the Canadian Home Ownership Stimulation Plan introduced in 1982, $270.9 million was spent, increasing to $373.5 million in 1983 compared to $104 million in 1983 for all social housing.

The Social Division of Welfare

It is important to emphasize that the provision of social welfare is not an exclusive activity of the welfare state. The full social welfare system contains three additional components: the family, industry, and private institutions.
Industrial welfare refers to the range of conditions and benefits which are accessed only through employment, such as private pensions, dental and secondary medical insurance, disability and life insurance, vacations and other paid leaves, loans at favourable terms, housing, automobiles and other forms of direct benefit. Family welfare refers to the forms of welfare which operate in the family and the informal welfare of the neighbourhood, including care for children, the ill, the disabled and the elderly. Private welfare refers to the social assistance and services provided by "para-public" welfare agencies, and self-help institutions such as the range of co-operatives, non-profit corporations and benefit societies, and social services purchased privately.

The erosion of state social welfare has an important and often immediate impact on the other components of the social welfare system. For example, the closing of institutions for the psychiatrically disabled, an otherwise often progressive activity, without appropriate provision for the necessary community-based facilities may put the burden of care onto the family, most often on women. Similarly restrictions on the expansion of child care facilities create a situation in which either care is provided at home largely by women, or it is purchased privately from other women.

The effect of the rising numbers of unemployed is somewhat more complex. In most cases, claims are made against the state-run unemployment insurance fund and/or social assistance. In addition, unemployment often means losing access to the industrial social welfare programmes as well as the salary or wage. At the same time a greater burden is also placed on the family to provide emotional support to the unemployed worker. More often than not it is women providing the support to unemployed male workers.
A further aspect of the restructuring of welfare has been the attempts by both state and capital to encourage the substitution of the services and assistance of charitable institutions, provided by volunteers, for state social welfare. This approach reflects not only a denigration of human service workers but also a pronounced anti-feminism. Since women constitute the majority of both workers and volunteers, the implication is that women can and should be induced to work without pay, and that their training means little because the work they perform is an extension of their maternal role.

It is in the context of restructuring and continuing high levels of unemployment that the several para-public social welfare organizations have been promoting the idea of paying social welfare volunteers salaries equivalent to those provided to employees on job creation schemes. Such a development is reflective of the ambiguous viewpoint of these organizations in the crisis. On the one hand they too have often decried the erosion of state social welfare, but they have also proposed the expansion of para-public institutions as a partial solution. While their intention may not be to undercut the efforts of trade unions and community groups to maintain state services, the expansion of para-public employment is likely to be at the expense of public employment at the present time.

Lastly, we should note that there has been one area of expansion of the activities of para-public organizations as a result of the crisis. This is the establishment and rapid growth of soup kitchens in most major urban centres in Canada, providing stark evidence of the growing number of holes in the so-called social safety net constituted by the welfare state.
It is important to note several points about the impact of erosion of the welfare state since the mid-1970's. First, an attack on welfare state programmes is an attack on the incomes and living conditions of the working class and the poor. One method of confirming the extent of this dependence is by examining the importance of the five major social security programmes (unemployment insurance, old age pensions, Canada/Quebec pensions, family allowances, social assistance) for individuals and families with relatively low incomes.

Table 5 presents data on the percentage of income of the lowest 20 percent slice (quintile) of individuals and families which is derived from these five social benefit programmes. In 1951, when only four of the five programmes were in existence and even then on a much restricted basis, 24.9 percent of family income and 21.6 percent of individual income was derived from these programmes. By 1975, 47.2 percent of family income and 63.6 percent of individual income of the 20 percent with lowest incomes was attributable to the five programmes. In addition, in the same year, 69.8 percent of the income of individuals in the next 20 percent, many of whom are pensioners, was also derived from one or several of these five programmes. By 1981, 46.9 percent of family income and 66.7 percent of individual income in the first quintile was derived from the same five programmes.

The postwar ideology of economy, family and state was founded on full employment and rising economic growth. The implication was that anyone who
Table 5. Five Major Social Security Programmes as a Relative Source of Income

<table>
<thead>
<tr>
<th></th>
<th>Families 1st Quintile</th>
<th>Individuals 1st Quintile</th>
<th>Individuals 2nd Quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>24.9%</td>
<td>21.6%</td>
<td>35.1%</td>
</tr>
<tr>
<td>1961</td>
<td>34.9%</td>
<td>61.7%</td>
<td>59.8%</td>
</tr>
<tr>
<td>1971</td>
<td>43.5%</td>
<td>56.6%</td>
<td>64.3%</td>
</tr>
<tr>
<td>1975</td>
<td>47.2%</td>
<td>63.6%</td>
<td>69.8%</td>
</tr>
<tr>
<td>1981</td>
<td>46.9%</td>
<td>66.7%</td>
<td>60.3%</td>
</tr>
</tbody>
</table>

Sources: Statistics Canada. *Income Distributions 1951-65.* Ottawa 1969, Table 13; *Income Distributions by Size in Canada.* Ottawa 1971, Table 45; Table 68; 1975 Table 68; 1981 Table 75.

wanted a job could work and thereby derive income. At the same time, it was believed, economic growth would provide more for everyone - in other words, everyone would get their slice. It is now clear that welfare state social security programmes have played an increasingly important role in ensuring that the surplus population has simply maintained its relative share of income. As a consequence individuals and families with low income have become increasingly dependent on receipt of payments from state social welfare programmes. The erosion of these programmes has an immediate and damaging effect on the conditions of life for the now large numbers of the dependent population.

In recent years a large percentage of this dependent population has come to be composed of single parent women, children and elderly women. Consequently when provincial welfare ministers mount attacks on social assistance
recipients they have been, in effect if not in practice, attacking women and children. When, for example, social assistance rates or family allowances are eroded it is women and children whose living standards are reduced.

CONCLUSION

The experience of restructuring the welfare state since the mid-1970's has been one of gradual decline. But, while we must properly speak of the erosion of welfare in general, when double digit unemployment is combined with budgetary restraint for long enough the decline can easily reach the proportions of the changes being proposed in British Columbia in regard to social welfare.

Bennett's brand of born again fiscal conservatism has been embodied in a widely publicized programme of assault on social rights. The Solidarity Coalition was born of the need to counter this overt assault. But we should not be less vigilant of changes because they have been presented with less ballyhoo. In other provinces social rights and benefits have already been and are being eroded with less fanfare.

It is also clear that to date, while major elements of both capital and the state are uneasy about the continued dominance of the ideology and practice of welfarism, those that propose the doctrines of the radical right have not been able to assert a position of dominance. Consequently the
Restructuring of welfare has been marked by ambiguity - principles of universality and selectivity have been simultaneously defended.\textsuperscript{23}

Lastly, it is also important to note the lack of an alternative. What characterized the struggles for social welfare in the 1930's and 1940's was a vision held by social reformers, however limited at times. These were people who often were activists in parties of the left - social democratic and communist. Their vision was of the eradication of capitalism and its replacement by a social order based on need, on cooperation and welfare.\textsuperscript{24}

With this vision, and very concrete reforms to propose they were able to generate widespread support for an alternative to the dominance of individualism and of the primacy, above all, of the market. Clearly for many of them and for socialists now the welfare state has hardly produced what we would have hoped. It has led to considerable betterment of the conditions of life of many people but at the same time it has become a part of the structures of inequality in present day society. While defending the clear advances made in social conditions we must be conscious of this need for an alternative vision of social reforms which will take us far beyond what is now available.\textsuperscript{25} Our struggle should be one of creating what is needed, not just one of defending what is already there.


3. I have relied here on Health and Welfare Canada, Social Security Statistics, January 1983. See Table 1.


7. For a more detailed discussion of recent changes in Quebec see Yves Vaillancourt with Annie Autonè Le P.Q. et Le Social, Montreal, 1983; on Saskatchewan, see Burdens and Benefits: Social Assistance in Saskatchewan in the 1980's, Faculty of Social Work, University of Regina and Graham Riches, "Putting Children First," Faculty of Social Work, University of Regina, 1983.


10. In five of the seven major OECD countries, growth rates of real social expenditure fell substantially from the period 1960-75 to the period 1975-81. In Japan the rate fell marginally; only in France did the rate rise. See "Social Expenditure: Erosion or Evaluation?", OECD Observer, No. 126, January 1984, 5.


24. I am thinking here for example of the vision expressed by The League for Social Reconstruction in *Social Planning for Canada*, 1935, one of the few detailed agendas for Canadian socialism.