

**The progressive potential of municipal social policy:
A case study of the struggle over welfare reform in Ottawa
during the Common Sense Revolution**

by

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Abstract

During the years of the Harris government's Common Sense Revolution in Ontario, a struggle developed in Ottawa over the issue of welfare reform. On the surface, this conflict was between the municipality and the provincial government, but in the background was the larger context of federal social and economic policy, the neoliberal policy environment fostered by multilateral organizations, and resistance to neoliberalization by a number of social movements, notably the anti-poverty movement, the anti-globalization movement, and the labour movement. The outcome in Ottawa was a set of policies, programs, and working methods for social assistance that did not reflect the original workfarist aims of the Common Sense Revolution, but that also fell short, in several respects, of a fully progressive response to poverty in the city. This dissertation is a case study of that struggle and its outcome.

The normative framework for the study explores the question of what it means to be "progressive" in the place, time, and policy field of focus. Amartya Sen's concept of basic capability equality and Nancy Fraser's concept of parity of participation are brought together to support the standard of sustainable livelihood as a norm for labour-market and welfare policy. The analytical framework draws upon both institutionalist and social movement literature to explain the achievements and the limitations of the central protagonists, the members of a local anti-poverty network with a presence both inside and outside the municipal government.

The case study shows that a struggle at the local scale to achieve progressive social policy can be effective, even when it must move against regressive policy currents at other levels of government, and even when the municipal government is a creature of the provincial government, lacking any constitutional status. The case, however, also serves to demonstrate that social policy is a multi-scalar process. It identifies limits to what can be achieved by action in a single policy field and at the local scale in isolation, and thereby demonstrates the importance of building connections across sectors within the city as well as to other places, and of organizing for action at broader scales.

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During the years that I worked on this study, I was fortunate to participate in a reading group on the political economy of scale. Rianne Mahon and Caroline Andrew organized the group in 2002, and it is still meeting and discussing academic papers in 2007, renewed regularly with new members. The group is the ideal embodiment of what academe should be: a gathering of students and professors from the University of Ottawa and Carleton University who come together for no other purpose but learning (although the appeal of the outstanding snacks is an added inducement). It has been a privilege to be a participant.

I also appreciated the support and encouragement of the members of the Centre for Labour and Community Research at Carleton, particularly Janet Siltanen and Wallace Clement, who gave me important feedback and advice at critical moments in the preparation of this thesis.

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From the start, I have wanted to work on a thesis with a focus on Ottawa, my hometown and the home, too, of Carleton University. Yet, like many Ottawans, I had not paid close attention to local issues. For many years, I had worked in the field of international development and knew more about Tanzania than I did about the city in which I lived. I

had little experience with the networks and institutions described in this thesis, and few contacts. I am, therefore, enormously grateful to the people who agreed to be interviewed for this study. I thank them for their generosity with their time, in many cases despite heavy workloads.

My family deserves special thanks for their unquestioning support for the project of undertaking Ph. D. studies at this stage in my life. I thank my children, Sarah and James, for this emotional support. My friend, life partner, and wife, Kate McLaren, has never doubted that this was the right thing to do, or that I would complete it. I could not have done it without her support. This thesis is dedicated to her.

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Acronyms

AMO	Association of Municipalities of Ontario
CAP	Canada Assistance Plan
CHST	Canada Health and Social Transfer
CLFDB	Canadian Labour Force Development Board
CRF	Consolidated Revenue Fund
CSC	Community Services Committee (Ottawa)
CSR	Common Sense Revolution
CUPE	Canadian Union of Public Employees
CVP	Consolidated Verification Process
EDIs	Employment Development Initiatives
EI	Employment Insurance
FBA	Family Benefits Allowance
FCM	Federation of Canadian Municipalities
FTA	Canada-U.S. Free Trade Agreement (1988)
GAIN	Greater Avenues for Independence (Riverside CA)
GWA	General Welfare Assistance
HRDC	Human Resources Development Canada
HRSSC	Health, Recreation and Social Services Committee (Ottawa)
HRIF	Human Resource Investment Fund
IMF	International Monetary Fund
ISU	Intake Support Unit
LEAP	Learning, Earning and Parenting Program
LFDS	Labour Force Development Strategy
LICO	Low Income Cut-off
MCSS	Ministry of Community and Social Services (Ontario)
NAFTA	North American Free Trade Agreement (1992)
NDP	New Democratic Party
OCAP	Ontario Coalition Against Poverty
ODLC	Ottawa and District Labour Council
ODSP	Ontario Disability Support Program
OECD	Organisation for Economic Co-operation and Development
OPSEU	Ontario Public Service Employees Union
OTAB	Ontario Training and Adjustment Board
OW	Ontario Works
PC	Progressive Conservative
RMOC	Regional Municipality of Ottawa-Carleton
RRSP	Registered Retirement Savings Plan
SARA	Social Assistance Reform Act (1997)
SARC	Social Assistance Review Committee
SARC-PAC	Social Assistance Review Committee - Public Awareness Campaign
SDMT	Service Delivery Model Technology
STEP	Supports to Employment Program

UAW United Auto Workers
UI Unemployment Insurance
WTO World Trade Organization

Chapter One: Introduction

“The social safety net is now at City Hall,” Alex Munter, former City of Ottawa councillor and chair of its social services committee, told a CBC radio interviewer on April 6, 2005. During his twelve years as a councillor from 1991 to 2003, the municipality had taken on a much larger role in social policy fields, including housing, public health, employment, and welfare. Much of this role expansion had occurred during a period of fiscal retrenchment by the federal and provincial governments, leaving the municipality to cope as well as it could. Some of it had been the result of an agreement in 1997 between the provincial government and the Association of Municipalities of Ontario by which responsibility for public education was transferred to the province and a number of social policy functions moved to the municipal level. The municipality had also proactively taken new social policy tasks upon itself. But was this expanded role sustainable, and could it be progressive?

It was certainly not financially sustainable, Munter believed. Even the most moderate definition of progressive social policy involves some form of economic redistribution, and its demands upon the state’s treasury fluctuate with economic cycles. The municipality’s fiscal base is the property tax paid by its residents, which Munter claimed was not an appropriate source of revenue for economic redistribution. The City could aim

to achieve progressive social policy, but it would need cooperation from the other levels of government. As it was, the rules governing social policy set down by those other levels of government over the previous decade had served to constrain progressive social policy, not to facilitate it.

This was especially evident in the field of social assistance. Ontario's Progressive Conservative government led by Mike Harris, elected in 1995, had reduced welfare benefits by over 20 per cent and introduced a mandatory workfare program, Ontario Works. The rules and methods used to determine eligibility and disqualification were harsh, designed to reduce caseloads and costs.

Previously, social assistance had been divided into two distinct programs; the municipality took responsibility for General Welfare Assistance (GWA), which provided short-term assistance to people in temporary need. The province managed the Family Benefits Allowance (FBA), which supported people needing longer-term assistance. The federal government paid 50 percent of the costs of GWA under the Canada Assistance Plan (CAP), the province contributed 30 per cent, and the municipality 20 per cent; the costs of the FBA were divided 50/50 between the federal and provincial governments. This system began to unravel in 1990 when the federal government placed a "cap on CAP", limiting increases to the "have" provinces, Ontario, Alberta, and British Columbia. This coincided with a severe recession in Ontario, driving up welfare

caseloads and costs. By 1992-93, the federal contribution to social assistance in Ontario had dwindled from 50 to 28 per cent, and in 1995 the federal government terminated the CAP and replaced it with a system of block transfers called the Canada Health and Social Transfer (CHST). This provided even fewer federal dollars for social programs, and it left decisions about rules and priorities for allocation to the provinces. In 1997, the Harris government's Social Assistance Reform Act merged the GWA and FBA into the Ontario Works program, to be managed by the municipalities. A program for people with disabilities, the Ontario Disability Support Program (ODSP), would be managed by the province. The program costs of both would be shared 80/20 by the province and the municipality, respectively, and the administration costs shared 50/50. The province's legislation, regulations, and directives would govern both programs, but the municipality would be the local delivery agent for Ontario Works.

Ontario Works, then, was to be what Jamie Peck (2002) has termed an "extralocal rule regime". The municipality would deliver the program, but within a framework established by the province. The program's directives, still in force at the time of writing,¹ set down 938 pages of detailed rules and procedures for its management. This rule regime emerged within the broader context of the Harris government's

¹ Directives for the Ontario Works program can be found in June 2007 at:
http://www.mcass.gov.on.ca/mcass/english/pillars/social/ow-directives/ow_policy_directives.htm

neoconservative agenda, the Common Sense Revolution, and the federal government's neoliberal rule regime governing labour market and social policy in Canada. Beyond the national level were powerful "centers of persuasion" (Peet 2001) such as the World Bank, the International Monetary Fund, the World Trade Organization, and the Organisation for Economic Cooperation and Development that, during this period, propagated neoliberal ideology and policy solutions.

In this context, a policy market developed for the interlocal transfer of workfarist strategies and methods (Peck 2002). One widely diffused model was Wisconsin Works, the first principle of which was "For those who can work, only work should pay;" thus, welfare benefits were paid out at a rate based on hours of participation in the program's work or training activities (Wiseman 1996). Wisconsin Works had a strong influence on the design of Ontario Works (Herd 2002).

The nested hierarchy of extralocal rule regimes and the associated networks of fast-policy transfer, powerful as they were, did not render the local forces in this story powerless, however. Work-enforcing social assistance and employability programs, and active labour-market measures generally, require close attention to clients. This attention may be oppressive or it may be liberating; in either case, it is "participant-centred" and must be administered locally. This gives the local delivery agent a degree of power in the critically important implementation phase of the policy process. When the local delivery

agent is a democratically-elected municipal government with its own political base, this power can be significant. During the years of the Harris government's Common Sense Revolution, a struggle developed in Ottawa over the issue of welfare reform. On the surface, this conflict was between the municipality and the provincial government, but in the background was the larger context of federal social and economic policy, the neoliberal policy environment fostered by multilateral organizations, and resistance to neoliberalization by a number of social movements, notably the anti-poverty movement, the anti-globalization movement, and the labour movement. The outcome in Ottawa was a set of policies, programs, and working methods for social assistance that did not reflect the original workfarist aims of the Common Sense Revolution, but that also fell short, in several respects, of a fully progressive response to poverty in the city. This dissertation is a case study of that struggle and its outcome.

The case study will demonstrate that a struggle at the local scale to achieve progressive social policy can be effective, even when it must move against regressive policy currents at other levels of government. This is possible even when, as in Canada, the municipal government is a creature of the provincial government, lacks any constitutional status, and has only a property tax base for its independent revenue. It is possible even in a medium-sized Canadian city without a progressive political party or organized progressive urban social movement.

There are barriers and limits, of course, as we will observe in the case study. There is no *a priori* reason to expect that a municipal government will be more progressive in its orientation than any other level of government; that is not the point of the argument. Although I approach the topic from the perspective of one city, my analysis is by no means an uncritical advocacy of the “new localism” (Brenner and Theodore 2002). Rather, I understand policy to be a multi-scalar process (Mahon, Andrew and Johnson 2005), and my aim is to explore both the possibilities for, and the limits to, progressive policy development and political action in the fields of welfare and labour-market policy at the local scale.

The question that this dissertation sets out to address is borrowed from the title of an article by Fran Klodawsky and Caroline Andrew (1999) — “Acting locally: what is the progressive potential?” Klodawsky and Andrew use a case study set in Ottawa to assess the extent to which community-based organizations can engage successfully in progressive political action, given the constraints and opportunities provided in this era of globalization and state restructuring. The empirical focus of the present study is a local anti-poverty network working in the policy field of welfare reform, with reference to related areas of social policy such as housing and child care where this is appropriate. However, the broader purpose is the same: to understand more fully how and where political actors should focus their efforts with a view to having a progressive impact.

This approach to the issue of welfare and labour-market policy places the study within the tradition of critical theory, which Nancy Fraser defines as follows:

To my mind, no one has yet improved on Marx's 1843 definition of critical theory as "the self-clarification of the struggles and wishes of the age." What is so appealing about this definition is its straightforwardly political character.... A critical social theory frames its research program and its conceptual framework with an eye to the aims and activities of those oppositional social movements with which it has a partisan, though not uncritical, identification. The questions it asks and the models it designs are framed by that identification and interest (Fraser 1989: 113).

A single case study such as this one does not aim to be proof positive of general conclusions. Rather, its purpose is to contribute theoretically-informed analysis of a case to larger bodies of knowledge in the fields it touches upon — in this case, social and labour-market policy studies, urban politics, welfare state redesign and rescaling, and social movement strategy — and to suggest further research that could be fruitful. The empirical data with which the case is built are drawn from official documents, minutes of municipal council and committee meetings, newspaper articles, relevant secondary sources, and 21 semi-structured interviews with key informants located in community-based groups, the municipal social services department, and the municipal council.

The first major task will be to provide a framework within which we may analyze and critique the policies and practices under study. This is the subject of Chapter 2. This framework has two dimensions, one normative and one analytical. The normative

framework addresses the question “What is progressive?”, at least in the time, place, and policy field to be investigated in the case study. The analytical framework aims to provide the means with which to explain the success or failure of efforts to achieve progressive outcomes in this case.

What is progressive? The question must be asked because there is no ready answer to be taken down from the shelf. Progress itself is under critical scrutiny, and its supporting ideologies are in tatters. Liberalism has been widely discredited by its association with its environmentally-destructive and socially-polarizing neoliberal variant, and all varieties of socialism have been marginalized in the wake of the collapse of communism and the crisis of the Keynesian welfare state. Liberal and socialist preoccupation with economic redistribution has given ground to the politics of identity and issues of recognition. The field of progressive politics is fragmented and fraught with conflict. Yet, in order to undertake this study we need an account of what is progressive that is persuasive, if not conclusive, at least with respect to the policy fields of focus – labour-market and welfare policy.

In order to construct an account that will serve this purpose, therefore, I begin with moral philosophy and the leading liberal philosophers of distributive justice. This leads to Amartya Sen’s concept of basic capability equality as a standard of social justice; this approach views both economic redistribution and cultural recognition as instrumental,

that is, as means of achieving the intrinsically valid goal of ensuring the capability of persons to lead the kind of lives they value. Basic capabilities thus include the ability to make a living, to participate in the life of the society, to acquire the occupational skills relevant to one's society, and to live and be what one would like to be within a diverse cultural milieu. I then turn to critical theory to situate these abstract concepts within the context of contemporary capitalist and pluralist conditions. Here, Nancy Fraser's concept of parity of participation serves as a complement to Sen's arguments, integrating issues of redistribution and recognition under contemporary conditions of value pluralism. For the particular fields of labour-market and welfare policy, I propose the norm of sustainable livelihood as it has evolved over the last two decades to include the activities, assets, and entitlements by which people make a living.

For the analytical dimension of the framework, I then turn to political theory to address the question of what kind of political strategy might achieve progress towards these ends, given social and political conditions in a place like Ottawa in the early 21st century. The actors upon whom this case focuses constituted a local anti-poverty network with members located in community organizations as well as among elected representatives of the municipal council and social services staff. In some respects, this network corresponded to the concept of a policy network as described in the institutionalist literature, and in some respects it resembled an urban social movement, but neither concept is completely accurate. I therefore propose to use concepts from both approaches

to analyze the actions of the anti-poverty network and to explain the outcomes. I will give greater emphasis to the social movement literature because of its relevance to the question of strategy towards progressive ends. In particular, I draw on theories of radical democracy to argue that achieving progressive, transformative social change demands political work both within and across relatively autonomous political spaces. Warren Magnusson and Rob Walker (1988) propose that we think of this work as consisting of three stages: struggles of specificity, struggles of connection, and struggles of imagination, each of which demands a process of learning by social actors.

With this framework as a lens, I then turn in Chapter 3 to an overview of abstract and meso-level theory regarding the labour-market and welfare policies of states in the OECD. The chapter begins with an overview of abstract theory of labour market regulation in capitalist economies, built around the four “regulatory dilemmas” identified by Peck (1996): managing the labour supply, allocating labour, controlling the labour process, and social reproduction. Each phase and variant of labour-market and welfare policy — whether it be of the classical liberal period, the Keynesian welfare state, neoliberalism, or the post-neoliberal social investment state — represents a set of approaches to managing the basic tension in capitalist economies between the law of value and social reproduction. The state’s role is indispensable in managing each of these dilemmas. The meso-level theory then turns to the period in which the case study is set and identifies four prominent themes in labour-market and welfare policy: activation,

individualization, flexibilization, and devolution. Upon examination, each theme appears to have both progressive and regressive potential, depending on the context. Active labour-market policies that promote the employability of single mothers, for example, are a potential improvement over conditions earlier in the 20th century when single mothers were excluded from the labour market, provided with a meagre mother's allowance, and closely monitored by social workers. However, for activation policies to be progressive in this case requires that secure employment at decent wages be accessible, that activation not consist merely of pressure to accept precarious employment at wage levels below the poverty line, and that necessary services be available to mothers entering the labour market, particularly affordable child care of good quality. It is evident that the workfarist model of activation that predominates in the Anglo-American countries does not meet the criteria for progressive social policy, quite the contrary. Similar arguments follow with regard to individualization and flexibilization.

The account then turns to devolution. Peck's (2002) analysis is helpful here, providing the links between the logic of workfarism, the requirement for local administration of workfarist programs, and the establishment of extralocal rule regimes to govern them. This analysis leads to the question of how to resist workfarist labour-market policy and welfare reform, and how to develop positive non-workfarist alternatives. Peck and others focus on the need to organize resistance at higher scales of the state. Peck does acknowledge the potential in multiscalar strategies that combine local action with

extralocal networking, but gives little emphasis to work at the local scale. On this question, Masson (2006) is more helpful, observing that the rescaling of public policy administration changes the political opportunity structure, creating new openings for progressive agency while foreclosing others. Magnusson's (1996) extensive discussions of progressive action by municipal governments in Europe and North America over the past century suggest that the municipality has potential for progressive political action.

The case study begins with Chapter 4, which provides a brief overview of Canadian federal labour-market and welfare policy trends since the 1960s. Federal policy is conceived here as an outer ring of the nested hierarchy of extralocal rule regimes governing labour-market and welfare policy across Canada. Activation has been a theme running through these policy fields since the 1960s. In the 1990s, the OECD and the IMF each played an influential role in the federal government's option for a neoliberal policy agenda and a program of fiscal retrenchment. The termination of the Canada Assistance Plan, the move to a block-grant system for transfers to the provinces for social programs, and the passage of the Employment Insurance Act in 1996 were key events in the creation of a new extralocal rule regime in these policy fields. More recently, the federal government has moved toward adoption of a "social investment state" paradigm. This opens up some possibilities for progressive social policy, for example in federal support for the development of child care programs across Canada based on the four principles of quality, universality, accessibility, and developmental programming. However, the

cautious fiscal policy of the Liberals and the social conservatism of the Conservative government elected in 2006 are likely to limit the movement of federal policy in this direction.

Chapter 5 traces the trends in provincial policy in Ontario, with a central focus on welfare reform. The report in 1988 of the Social Assistance Review Committee (SARC), Transitions, presented a comprehensive set of proposals for the reform of Ontario's welfare system. For the most part, these recommendations were progressive forms of activation and redistribution; they were based to a large degree upon the advice of locally-based anti-poverty activists and social-service delivery professionals from across Ontario. The SARC consultation process and its follow-up energized the anti-poverty network in Ontario, and the Transitions report provided it with a program around which it could organize. Nevertheless, the kind of welfare reform envisaged by Transitions ultimately failed due to a combination of structural and conjunctural factors in the Ontario political economy as well as the SARC's own failure to anticipate the backlash its recommendations would generate against welfare recipients. The deep recession and "jobless recovery" experienced by Ontario in the early 1990s, in the broader context of the Bank of Canada's zero-inflation policy, the "cap on CAP", and the reduced scope of unemployment insurance coverage, combined to overwhelm the province's welfare system. By 1992, 14 per cent of the population of Ontario under the age of 60 was receiving social assistance, and this became a major contributing factor to the broader

fiscal and political crisis of the NDP government. The enormous fiscal strain fed a public anxiety over the issue of welfare fraud and dependency. The Progressive Conservative party of Mike Harris capitalized on this anxiety by promising to make welfare recipients work for their benefits. Workfare became the visceral issue of the 1995 election campaign, won by the PCs on the strength of their platform, the Common Sense Revolution, which promised a 30 per cent cut in provincial taxes and radical reform of the welfare system. Once in power, the PCs moved quickly to cut welfare benefits by over 20 per cent and to introduce the workfarist Ontario Works program.

Chapter 6 continues this narrative account, shifting the focus to the local scale. In 1995, Ottawa's mode of governance was in transition from a managerial local state, concerned primarily with collective consumption issues, to an entrepreneurial city, focused upon the re-branding and promotion of Ottawa as "Silicon Valley North," a growing centre of the high-technology industry. Hunt's (2001) account of this tendential shift identifies the trend toward social polarization that accompanied it, and the danger that social policy would increasingly be dissociated from economic development policy, and progressive forces marginalized, as Keil (1998) claims happened in Toronto. These arguments need to be modified somewhat. The shift to the entrepreneurial city as a mode of governance was, as Hunt acknowledges, a *tendential* shift, not a complete transformation. In 1995, Ottawa had a significant constituency of support for progressive social policy; it was located in community-based organizations, on the staff of the regional social services

department, and in a large segment of the broader voting public, and thus well represented by elected representatives on the regional and city councils. This progressive element cannot be identified as easily as in a city with an organized progressive political party such as Vancouver's Coalition of Progressive Electors (COPE) or the Rassemblement des citoyens de Montréal (RCM), but it shows up in the actions of the municipal government.

The response in Ottawa to the provincial government's workfare initiative had two phases that overlapped in time but that can be separated for analysis. The first phase was one of resistance. Regional councillors debated workfare even before the Harris government was elected in 1995, and rejected it by a narrow margin. When the province launched the Ontario Works program in 1996, regional councillors again debated the issue, this time rejecting an outright refusal to implement the program but adopting a set of principles that subverted the workfarist character of the program. Municipal councillors and staff worked closely with community-based organizations during this resistance phase. The second phase was one of proactive construction of alternatives to workfare. This began with a number of community-based hearings and task forces and resulted in a set of municipally-based programs under the banner of a program called Partners for Jobs. Chapter 7 describes and assesses the main achievements of both phases, identifying both their gains and their limitations. The local anti-poverty network, by working with and within the municipal government, successfully resisted some of the

most regressive aspects of the workfarist welfare reform agenda of the provincial government during the Common Sense Revolution. Moreover, it was successful in developing alternative programs that responded well to the needs of a majority of social assistance recipients, and this represented progress not only in comparison to the policies of the Common Sense Revolution but also in relation to the system in place before the Social Assistance Review. The case therefore illustrates that there were progressive gains to be made by shifting focus from the provincial to the local scale.

Explaining these positive outcomes demands attention both to agency and to structure.

The key agents, the members of the local anti-poverty network, with a presence both inside the municipal government and in the community, shared a common set of perspectives upon, and preferences for, welfare reform, and generally worked together cooperatively through the period of conflict with the provincial government. The key structural factor was built in to the nature of active labour-market and welfare policy: the need for individualized case management that can only be delivered at the local scale.

Municipal governments have traditionally delivered social assistance programs in Ontario, and this central role in implementation gave the city sufficient discretion to make progressive modifications to program approaches despite the detailed program directives of Ontario Works.

Structural factors also explain the constraints to progress during this period, particularly the limited fiscal capacity of municipal governments in a context of fiscal retrenchment by both the federal and provincial governments. The inadequacy of social assistance benefit levels remained the main flaw in the system by the end of the Common Sense Revolution, and to the present day. Funding cuts and a new, more onerous set of accountability requirements also weakened the community-based organizations in the anti-poverty network.

The case illustrates some of the progressive steps that an anti-poverty network can demand of a municipal government even when there are countervailing policy currents at other levels of government. A municipal government can resist the most stigmatizing aspects of regressive welfare reform, mitigating the misrecognition inherent in workfarism; it can develop progressive alternative approaches; it can support political work at other scales of the state; and it can provide the progressive local forces in the community with material support and the political space to express itself and to expand its understanding of the issues. A municipal government is most likely to take these steps when progressive local forces working both inside and outside the municipal government share perspectives and goals.

Chapter 8 discusses the implications of the case study findings for progressive strategy and action in social policy fields. This case was primarily a “struggle of specificity,” with

little or no movement to struggles of connection or imagination. The chapter considers how the strengths displayed in the efforts of the local anti-poverty network in this case might be retained in any initiative to construct a broader urban social movement in the city.

Chapter Two: What is progressive?

2.0 Introduction

In order to study the progressive potential of local political action, this chapter develops a framework with two complementary dimensions, one normative and one analytical. The normative argument (Section 2.1) proposes an account of what it means to be progressive in a place like Ottawa in the late 20th and early 21st century. The analytical dimension (Section 2.2) aims to help us explain the success or failure of efforts to achieve progressive outcomes in this time and place.

I begin in section 2.1 with the normative question: what does it mean to be progressive in the late 20th and early 21st century? This turns out to be a more complex question than it first appears. The idea of progress itself, central to the modern age, is no longer taken for granted. Historian Sidney Pollard defines the concept of progress as "the assumption that a pattern of change exists in the history of mankind... that it consists of irreversible changes in one direction only, and that this direction is towards improvement" (Pollard 1971: 9). Pre-modern thinkers were more likely to believe that humanity was on a long, downward slide from an earlier golden age, and many observers of contemporary societies seem to be coming back to that view. Ronald Wright (2004) warns that "the myth of progress" is dangerous, leading us into "progress traps": global warming, nuclear

catastrophe, or the unintended consequences of biotechnological progress gone awry. Ulrich Beck (1992) observes that industrial societies have been transformed into “risk societies,” less concerned with the allocation of goods than with the mitigation and redistribution of the “bads” generated by our progress. Wendy Brown characterizes both progress and liberalism, the political ideology most closely associated with progress in the West, as “the tattered narratives of modernity” (2001: 3) and raises the question of where we go from here in theorizing struggles for social justice.

This chapter will take up Brown’s question and propose an answer. To do so, I will begin with liberal ideas. For the past few decades, liberalism has been hegemonic in its neoliberal form, as an ideology that legitimizes the increased exposure of social relations to market forces. Institutionalized globally in the policies of powerful multilateral organizations and widely known as the “Washington consensus”, its language became the “new planetary vulgate” (Bourdieu and Wacquant 2001). Yet neoliberalism, like the classical liberalism of the 19th century, is proving inadequate to serve as the basis for stable social arrangements. Just as classical liberalism was challenged by the new wave of social liberalism in the 19th century, neoliberalism has been giving way in recent years to post-neoliberal policy trends with various labels: “the Third Way” (Giddens 1998), “the social investment state” (Jenson and Saint-Martin 2003b), and “inclusive liberalism” (Porter, Doug and Craig 2004).

These policy trends are “post-neoliberal” in a dual sense: they carry the traces of neoliberalism, but they also move beyond it. Like neoliberalism, they look to the market for solutions to social problems. In particular, they seek to harmonize social and labour market policy with the demands of the market, for example by emphasizing “employability” as the solution to the problem of income security. At the same time, however, these post-neoliberal policy trends promote social inclusion in ways that neoliberal regimes did not. The emphasis here is on reciprocal obligation: the state has a responsibility to ensure that the most vulnerable individuals and groups are provided with the opportunity to participate as full members in the life of the society, while those receiving such support have a responsibility to develop their capacities and to take up the opportunities provided to them. It is this feature of post-neoliberal policy trends that leads Porter and Craig (2004) to apply the label “inclusive liberalism,” which I will use here.

Some would argue, as do Peck and Tickell (2002), that inclusive liberalism is a new phase of neoliberalism — an active, disciplinary “roll-out” phase that follows the earlier “roll-back” period of retrenchment, and thus has little progressive potential. Porter and Craig, while recognizing that inclusive liberalism is a distinct, post-neoliberal phase of liberalism, describe it as a way to put a more inclusive face on market liberalism and are skeptical about its potential, arguing that its purpose is to provide stability for the current period of capitalist globalization. They question whether it will deliver “enough real inclusion to make a difference” (2004: 418). Mahon (2006a), on the other hand, argues

that the differences between neoliberalism and inclusive liberalism can be significant, not only for particular social policy choices but also for the contours of broader policy regimes. For example, some of the social policies proposed by the federal Liberal governments of Jean Chrétien and Paul Martin under the label of “social investment” appeared to her to be progressive, notably the Liberal policies in the field of child care. The Liberal child care proposals were a good example of post-neoliberal policy, in the dual sense noted above. By supporting the development of a nation-wide system of universally-accessible, high quality, developmental child care, the Liberals addressed one of the major constraints to labour market participation experienced by the parents of pre-schoolers, especially single mothers. Developmental child care would also give young children a head start on the process of developing the human capital that they would need for future labour market participation. The real question is not whether this is just a new phase of neoliberalism or a distinct new variant of liberalism; it is whether it has progressive potential.

In order to draw conclusions about whether such policy trends are progressive, we need to begin with a return to the roots of the modern conception of progress in nineteenth-century liberalism and its principles of liberty and equality. For this account, I will rely primarily on the work of Amartya Sen and his application of these principles to issues of distributive justice in the present day. I will then turn to the work of Nancy Fraser, whose distinct contribution has been her effort to bring the traditional concern of social

liberalism — economic redistribution — together with issues of identity and recognition. Fraser makes her links to liberalism explicit in her work, but she aims to go beyond the “thin” procedural approach of classical liberalism to give her account a substantive basis in a positive conception of social justice. The ideas of Sen and Fraser come together in the argument for adopting the concept of sustainable livelihood as a norm for labour-market and welfare policy.

The question “What is progressive?” applies equally to the question of strategy and action. In Section 2.2, I will turn to the analytical framework. Here I will discuss the question of political strategies, situating my argument within the tradition of radical democracy (Laclau and Mouffe 1985; Trend 1996). This will provide a set of concepts with which to analyze and explain the success or failure of the efforts to achieve progressive outcomes that are described in the case study. This may seem to place undue emphasis on agency to the exclusion of structure as the key to explaining outcomes. My central concern is with agency, but agency always takes place within a context of opportunities and constraints. In Marx’s famous formulation of the agency-structure relationship, it is people who make history, but never in conditions of their own choosing. Therefore, much of the actual content of this dissertation deals with those conditions, beginning with the overview of welfare and labour-market policy trends in the Chapter 3, then moving on to accounts of federal and provincial policy in the Chapters 4 and 5. This

will provide a thorough description of the conditions within which the agents in the case study pursued their objectives.

I will conclude with a summary of criteria, derived from this review, for assessing both the policies and the practices in the case study.

2.1 A normative framework

2.1.1 Liberal theories of distributive justice

The term “liberal”, as C. B. Macpherson has observed, can mean many things. It can mean “the freedom of the stronger to do down the weaker by following market rules,” or it can, as argued by John Stuart Mill in the nineteenth century and Amartya Sen in the twentieth, mean “a society striving to ensure that all its members are equally free to realize their capabilities” (Macpherson 1977: 1). Underlying these differences are the meanings of liberty and equality, the tension between these two principles, as well as their symbiosis.

In the post-war construction of the welfare state, the answers to the question “what is progressive?” tended to cluster around concepts of distributive justice, and much of the philosophical work in this field addressed the question of how to integrate the principles of equality and liberty. About the principle of equality, Amartya Sen asks two key

questions: "Why equality?" and "Equality of what?"² In answer to the first question, Sen claims that equality is an important component of all modern political theories; it is simply intuitive that equality of some kind should be a principle of social justice. "Ethical plausibility," he writes, "is hard to achieve unless everyone is given equal consideration in *some* space that is important to the particular theory" (1992: 3). In short, Sen takes the principle of equality as a given, as a starting point. However, he notes that there are several different views on what the space should be in which everyone is given equal consideration; he calls this space the "focal variable". For example, should it be equality of income, of wealth, of opportunity, of subjective sense of happiness, or of some objective account of needs-fulfillment? Since people are inherently different, with diverse origins, circumstances, desires, values, and needs, to aim for equality with respect to one of these focal variables is certain to generate inequalities with respect to others.

The libertarian view, best represented by Robert Nozick's Anarchy, State, and Utopia (1974), adopts individual liberty as the focal variable of the principle of equality. This is the 18th century liberalism of John Locke, but it is normally labelled conservatism today and associated with the New Right. On this view, the central values are the autonomy and responsibility of the individual. Each person is *equally* entitled to the *liberty* to pursue his

² Sen first poses these questions in his 1980 lecture "Equality of What?" published later in Choice, Welfare, and Measurement (1982a). He takes them up again in Inequality Reexamined (1992).

or her own interests to the extent that is compatible with the same right of others, without interference from the state or any other party. Isaiah Berlin (1969) refers to this as the negative conception of freedom, a “freedom from”. A central concept here is self-ownership: people are entitled to the fruits of their own talent and effort. This conception of equality opposes, among other things, taxation for purposes of economic redistribution, except perhaps to the degree necessary for preserving social order.

Libertarianism provides an example of the problem that arises when a single principle of equality, a single focal variable, is applied without qualification to unequal persons. In this case, it justifies even greater advantage to those who are already advantaged in terms of wealth and talent. In terms of what is progressive in the present conjuncture, its flaw is obvious: it valorizes individual liberty at the expense of social equality, thereby serving to justify the increasing levels of inequality occurring under a neoliberal hegemony.

In its classical form in western Europe of the 18th century, this liberalism was progressive, for it served as an ideological weapon in the struggle against mercantilism and the privileges of the aristocracy. However, by the late 20th century it served as a barrier to progress by defending existing patterns of unequal social relations. Thus it is not surprising to find that it is frequently combined with socially conservative policies, as it was by the governments of Thatcher, Reagan, and Harris.

In A Theory of Justice (1971) and in more recent work (1993; 2001), John Rawls seeks a way to overcome the problem of the single focal variable. He imagines the kind of social contract rational individuals would agree upon if they were to decide on social arrangements in a hypothetical "original position" prior to knowing their own individual circumstances. These circumstances include all imaginable variables: wealth, social status, intelligence and other natural talents, psychological factors such as aversion to risk, and even basic conceptions of "the good" and knowledge of the structure of the society into which they are to be born. This line of reasoning leads Rawls to his "difference principle":

All social primary goods – liberty and opportunity, income and wealth, and the bases of self-respect – are to be distributed equally unless an unequal distribution of any or all of these goods is to the advantage of the least favored (Ibid.: 303).

Rawls thus aims to resolve the unfairness created by treating unequal people equally by justifying unequal distribution only when it leads to greater equality. In a more recent work, Political Liberalism, Rawls goes on spell out social conditions that he believes are necessary to ensure the full extension of liberty, including universally accessible health care, equality of opportunity in education, employment guarantees, and a "decent distribution of wealth and income" (Rawls 1996: : lviii-lix).

Amartya Sen (1982b) takes us further in refining the conception of equality. He is critical of the focus in the Rawlsian difference principle upon "social primary goods -- liberty and opportunity, income and wealth, and the bases of self-respect." This focus, and other theories that argue for the equitable distribution of resources, such as those of Dworkin (1981a; 1981b), Sen argues, are fetishistic. It is not the equitable distribution of these social primary goods in themselves that public policy should aim to ensure, important as they may be instrumentally, but the outcomes they are intended to achieve. A focus on resources, he argues, does not give us an adequate way to decide on distribution among people with unequal needs. Sen (1982b) therefore argues for a type of equality that he calls "basic capability equality." In its broadest sense, capability here means the ability of persons "to lead the kind of lives they value – and have reason to value" (1999: 18). Sen believes this is in accord with Rawls's difference principle, but it shifts attention from social primary goods to what goods do for people, recognizing that the conversion of goods to capabilities varies a great deal from one person to another.

The concept of basic capability equality can be operationalized in various ways; Sen discusses these at length in his book *Development as Freedom* (1999). For our purposes, it will suffice here to mention a few examples of what Sen means by basic capabilities of persons to lead the kind of lives they value. This would include the most basic capability of all, the ability to survive. It also means the ability to function in the society in which one lives, to take part in the life of the community, which implies that an acceptable

standard of living is relative to the standards of the surrounding society. This also implies equality of access to the occupational skills required to make a living in one's own society. More recently, Sen has also advanced the concept of "cultural liberty", defined as "the capability of people to live and be what they choose, with adequate opportunity to consider other options" (United Nations Development Program 2004: 4).

The principle of basic capability equality serves as a viable standard of distributive justice in a number of ways. First, it brings together the principles of equality and liberty. *Contra* the libertarian argument for the equal right of all individuals to the freedom to pursue his or her own interests to the extent that is compatible with the same right of others, a negative conception of freedom, Sen advocates what Isaiah Berlin (1969) calls a positive freedom, the equal right of all to develop their capabilities to live a full and rewarding life.³ This approach, if taken seriously, would assign priority to enhancing the liberty of those who have the most limited range of possibilities. Second, it leaves the freedom to *use* the capabilities with the individual, thus countering any charge that it aims at sameness, loss of individual autonomy, or an entitlement without a corresponding responsibility. Third, it provides the basis for integrating consideration of the needs and

³ Isaiah Berlin argues that only the negative conception of liberty is valid, and that positive conceptions of liberty are liable to lead to oppression. For a critique of Berlin's position, see C. B. Macpherson's (1973: 95-119) argument that both positive and negative conceptions of liberty are necessary to ensure the highest possible degree of "aggregate liberty" for all in a given society.

aspirations of people with a range of intersecting social identities based on class, gender, race/ethnicity, nationality, age, and generational cohort; the concept of cultural liberty mentioned above extends the concept to issues of recognition. It can be also be extended to embrace both paid work in the labour market and unpaid production of value outside of the labour market. Fourth, it brings a positive, humanistic concept of well-being to the principle of social justice.

Rawls, Dworkin, and Sen are leading theorists on the meaning of equality and liberty among the liberal philosophers of distributive justice. However, the methodology of the liberal philosophers tends to be one of considering abstract individuals in comparison to one another. Actual social structures, social relations, remain in the background.

Moreover, in recent times issues of cultural justice, of recognition, have become much more salient, demanding a place in any discussions of social justice. In order to grasp the meaning of “progressive” in the realm of current social policy, we need to situate the discussion more concretely within the context of current historical conditions and issues. To do so, we will now turn to the work of Nancy Fraser.

2.1.2 Fraser's critical theory

Nancy Fraser situates her approach within the tradition of critical theory. Critical theory is associated with the Frankfurt School, the Institute for Social Research founded in Germany in 1923. According to Ben Agger, the original motivation of this group of

scholars was an attempt “to explain why the socialist revolution prophesied by Marx in the mid-nineteenth century did not occur as expected” (Agger 1991: 107). The early critical theorists – Horkheimer, Adorno, Marcuse, Benjamin, and others – continued in the prophetic tradition of Marxism, presenting radical critiques of their societies. They ranged over politics, economics, sociology, psychology, philosophy, history, literature, and music in their efforts to understand the dynamics of modernity (see Jay 1973). Their goal was not simply to describe this world but to learn how it could be emancipated from oppressive forces.

I will not dwell on the history of critical theory, except to note that critical theorists have been preoccupied with identifying the potential sources of progressive change within existing social realities. For Marx and his successors until the twentieth century, that source was the working class and its experience of social labour in the new workplaces of the industrial revolution. On this account, the proletariat had an interest in overcoming capitalist social relations, and the practice of social labour in industrial workplaces served as the model for the emancipated labour of a future communist society. For the founders of the Frankfurt School in the 1920s, however, Marx’s faith in the revolutionary potential of the working class had been fatally undermined. Then, in *The Dialectic of Enlightenment*, Horkheimer and Adorno (1972 (1947)) described the social labour process itself not as a model for the future but as a cause of false consciousness and a barrier to class solidarity and revolutionary action. Subsequent critical theorists have

looked for alternative sources of potential for progressive change in their current social realities. For example, Herbert Marcuse in *Eros and Civilization* looked to Freudian psychology and saw in the pleasure principle an innate human drive that provided the impetus to challenge oppressive social structures.

Nancy Fraser takes up this challenge in her work, which she sees as an effort to renew critical theory. She refers to this challenge as “the dialectic of immanence and transcendence” (Fraser and Honneth 2003: 201-211, 238-247). That is, the initial challenge is to identify, empirically, the elements immanent in present social realities that point toward their transcendence. This distinguishes critical theory from the approach of the liberal philosophers, who tend to situate their arguments in abstract utopias without reference to existing social realities.

Fraser’s point of departure is her empirical observation that in modern capitalist societies today there are two “folk paradigms” of social justice: recognition and redistribution (to be defined below). By this she means that these popular conceptions of what constitutes social justice are widely diffused through everyday discourse in modern capitalist societies. She does *not* mean to say that social movements expressing these conceptions of social justice are her candidates for the new revolutionary subject, taking the place of the working class in classical Marxism. Rather, she observes that these “folk paradigms” find expression throughout society: in households, in politics, in civil society, in coffee

shops and bus stations. Social movements certainly have important roles to play in acting on these paradigms, but the meaning of each paradigm is always open to scrutiny and the actions of social movements always subject to critique.

Fraser also observes that struggles for egalitarian economic redistribution have tended to lose ground to struggles for recognition during recent decades. The aim of much of her recent work has been to bring these two perspectives together, and particularly to restore a concern for economic inequality, and economic redistribution as its remedy, to an important position in moral philosophy, political theory, and political action. Her key texts on this topic are the first chapter of Justice Interruptus (1997) and the more comprehensive set of arguments in her debate with Axel Honneth in Redistribution or Recognition? (Fraser and Honneth 2003). Fraser's empirical observations tend to reflect her experience of politics and society in the United States, particularly its underdeveloped liberal welfare state and its long struggle with issues of race. Nevertheless, most of her work is set at a sufficiently abstract level that it is useful to us in framing a Canadian case study.

Fraser uses the terms "recognition" and "redistribution" as shorthand for remedies for cultural injustice and economic injustice, respectively. Cultural, or symbolic, injustice, she says, is rooted in social patterns of representation, interpretation, and communication. The types of cultural injustice include: (a) "cultural domination," that is, subjection to

patterns of interpretation and communication that are associated with another culture and are alien and/or hostile to one's own; (b) "nonrecognition," being rendered invisible by means of authoritative representational, communicative, and interpretative practices of one's culture; and (c) "disrespect," being routinely maligned or disparaged in stereotypic cultural representations and/or in everyday life interactions. Her concept of economic injustice includes: (a) "exploitation," having the fruits of one's labour appropriated for the benefit of others; (b) "economic marginalization," being confined to poorly paid, undesirable work, or no income-generating work at all; and (c) "deprivation," being denied an adequate material standard of living.

Thus, the remedy of "recognition" means "upwardly revaluing disrespected identities and the cultural products of maligned groups, recognizing and positively valorizing cultural diversity, [or], [m]ore radically still, ... the wholesale transformation of societal patterns of representation, interpretation, and communication in ways that would change *everybody's* sense of self." "Redistribution" means "political-economic restructuring of some sort redistributing income, reorganizing the division of labor, subjecting investment to democratic decision making, or transforming other basic economic structures" (1997: 15). Note that, although the term "redistribution" by some accounts connotes the reformist practice of redistributing the economic surplus while leaving basic economic structures unchanged, Fraser explicitly includes basic structural transformation in the scope the term's meaning here.

Fraser notes that each perspective has distinct origins. As a mainstream concept, redistribution has its roots in the liberal tradition discussed above, with its emphasis on finding ways to integrate the principles of liberty and equality in a comprehensive view of social justice. The concept of recognition, on the other hand, originates in Hegelian philosophy; in its ideal form, recognition means reciprocal intersubjective relations in which subjects view one another as both equal and autonomous. In this perspective, recognition is necessary for individual self-realization. The starting point for the liberal tradition is the individual; for the Hegelian tradition it is social relations. The two perspectives are not mutually exclusive, says Fraser, but neither can be subsumed by the other. Rather, each provides a valuable set of insights into problems and remedies of social injustice.

Fraser makes a case for this position, which she calls “perspectival dualism,” by arguing that virtually all cases of social injustice involve both maldistribution and misrecognition, that is, both cultural and economic injustice. This is because most social identities are “bivalent”: that is, they involve the intersection of (economic) class identity and (cultural) status identity. Gender and race are the two obvious cases here. Each involves both an economic and a cultural dimension. Gender’s economic dimensions are evident in the social division of labour, not only in the labour of social reproduction but also within the gender-divided formal labour market. Similarly, the cultural injustice of racism carries over into the economic injustice of maldistribution along racial lines. Even categories of

social identity that we might assume to be either purely cultural or purely economic contain elements of the other. For example, denigration of gay and lesbian sexual orientations can have negative economic consequences for those so misrecognized. Even economic class itself should be viewed through the dual lens, Fraser argues, since maldistribution can lead to misrecognition, for example in theories that explain poverty as a cultural phenomenon for which the victims themselves are to blame. Programs and policies that simply redistribute income to people with low incomes, without attention to the ways in which people with low incomes are represented, are vulnerable to backlash based on this kind of cultural misrecognition. Thus, Fraser concludes, an approach of perspectival dualism is called for in virtually all cases of social injustice.

The nature of the injustice in both cases, Fraser argues, is subordination. It is unjust that some groups are denied the capacity to be full partners in social interaction, whether this is because of economic maldistribution, cultural misrecognition, or a combination of the two. The norm she proposes as a criterion of social justice is “parity of participation”, defined as “social arrangements that permit all (adult) members of society to interact with one another as peers” (Fraser 2003b: 36). She argues in particular for a “status model of recognition” whereby misrecognition is viewed as an institutionalized relation of subordination that serves as a barrier to parity of participation. She contrasts this with the view of Axel Honneth and other neo-Hegelians such as Charles Taylor (1994) who address the issue of recognition not as a matter of social justice but as a necessary

condition for human self-realization. For Fraser, recognition is a moral issue, in the universalistic Kantian sense, a matter of social justice. For Honneth and Taylor, recognition is an ethical issue, in the Hegelian sense of social norms and values that change over time. Fraser claims that her approach permits one to justify claims for recognition as “normatively binding on all who agree to abide by fair terms of interaction under conditions of value pluralism” (Fraser 2003b: 31); misrecognition is morally wrong because it unfairly denies parity of participation to some individuals and groups. Moreover, the norm of parity of participation is nonsectarian; it can be shown to be morally binding even under modern conditions of value pluralism. This approach places claims for recognition on the same footing as claims for distributive justice, that is, within the universally binding domain of deontological morality.

Axel Honneth, in a published debate with Fraser (Fraser and Honneth 2003), argues that Fraser’s social justice approach does not allow her to develop the concept of parity of participation beyond the minimum set of conditions that would be necessary for a person or group to participate in decision-making in the public sphere regarding all other social arrangements. In other words, he argues, her option to proceed by deontology limits her to a procedural view of justice in the liberal tradition and does not support any more substantive claims under the banner of parity of participation. He argues that his own approach, which is based on a specific account of human flourishing, serves as a basis for

more substantive claims. In his view, social justice is instrumental to the realization of the substantive goal of human self-actualization as he defines it.

Fraser defends her choice of a social justice approach by referring to the increasing degree of value pluralism in a globalizing world. It is within this pluralistic world, with radically different conceptions of what is required for human flourishing, that we are called upon to make judgments about what is just. We must, she says, be prepared to deal with complex questions, such as when claims for cultural recognition conflict with claims for gender equality. In all cases, a theory of justice must be at a sufficiently general level to avoid sectarianism, while also being sufficiently determinate to reach conclusions about competing claims. Fraser recognizes that both she and Honneth subscribe to the “core concepts of the liberal tradition” (2003a: 224). Honneth claims that it is impossible to articulate liberal ideals in the absence of a theory of the good life, which he equates with increasing self-realization. However, to go further in defining the *meaning* of self-realization, Honneth would not be able to justify imposing binding obligations on those who subscribe to alternative ethical ideals. Fraser, by contrast, bases her theory of justice on “the central ideal of modern liberalism: the equal autonomy and moral worth of human beings” (2003a: 228). This establishes the minimum necessary set of conditions for parity of participation by people who may still have quite different views of the good life. Unlike many liberals, however, Fraser takes the principle of parity of participation seriously, recognizing that the status of full partnership in social interaction demands that

all persons have sufficient economic resources and social status to participate as peers with others. She calls this “*a radical democratic interpretation of equal autonomy*” (Ibid.: 229, emphasis in original). To equate social justice with parity of participation, then, is an approach that is both procedural, in the tradition of many liberal philosophers, and substantive. She calls this approach “*thick deontological liberalism*” (Ibid. 230, emphasis in original), reflecting its roots in liberal theory and its basis for substantive social claims. She defends it by pointing out that substantive reforms are necessary to make formal equality an actual fact, as well as by pointing to the history of the evolution of the meaning of liberal equality over time, which has expanded the concept of “equal moral worth” from formal rights to religious freedom and equality before the law, to the recognition of substantive rights in the realms of politics, labour markets, family and personal life, and civil society.

Fraser’s concept of parity of participation, then, is a substantive and not merely procedural principle. As such, it is compatible with Sen’s principle of basic capability equality. When we apply these two principles to the policy fields of social and labour market policy, we find that they both serve to support the principle of sustainable livelihood as a norm. Let us next briefly examine this concept.

2.1.3 Sustainable livelihood as a norm for labour-market and welfare policy

The term "sustainable livelihood" first came to public attention in Our Common Future, the report of the World Commission on Environment and Development (1987), the Brundtland Commission. The Commission put it forward as a goal for development policy, stressing in particular the importance of providing environmentally sustainable options for making a living, especially for impoverished households in ecologically fragile rural areas of the global South. The United Nations Conference on Environment and Development (UNCED) developed the concept of sustainable livelihood in its plan of action, Agenda 21, adopted in Rio de Janeiro in 1992. UNCED proposed it as a long-term policy objective integrating the goals of economic development, sustainable resource management, and poverty eradication (United Nations Conference on Environment and Development 1992). Agenda 21 established this policy objective not only for countries in the global South but also with a view to changing unsustainable production and consumption patterns in the industrialized countries, the global North. This transformed it into an urgent policy priority for all countries, albeit with different implications for action in different contexts. Agenda 21 was adopted by 178 countries, including Canada.

The Copenhagen Declaration of the World Summit for Social Development (1995) expanded the concept of sustainable livelihood considerably. In Commitment 3 of the Copenhagen Declaration, the participating countries state:

We commit ourselves to promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.

The Declaration, adopted by Canada and 187 other countries,⁴ expands on Commitment 3 through 11 subsequent clauses in which the participating countries pledge to "put the creation of employment, the reduction of unemployment and the promotion of appropriately and adequately remunerated employment at the centre of strategies and policies of Governments," and to implement a wide variety of related policies to this end. The concept of sustainable livelihood has since been institutionalized as one of the five corporate mandates of the United Nations Development Programme and is used widely in international development discourse.

The first obvious advantage to using the concept of sustainable livelihood as a norm in analysis of labour-market and welfare policy, then, is its universal acceptance and legitimacy. A second advantage, especially since its use in the Copenhagen Declaration, is its broad definition. When we speak of barriers to sustainable livelihood, we address not only ecological issues but the full range of social, economic, political, and ecological factors that impinge upon the ability of an individual or group to make a living, including

⁴ Thirteen countries (not including Canada) stated reservations about aspects of the Copenhagen Declaration, but none of the reservations pertained to Commitment 3.

issues of recognition. Similarly, when we discuss public policies to promote sustainable livelihoods, we refer to an equally broad range of strategies and tactics, adapted as appropriate to the circumstances of the time, and to the location and scale of the public authority under discussion. The concept of sustainable livelihood represents a clear policy objective, but its implications for action are context-dependent, and thus always subject to reconsideration, revision, and adaptation. To date, the concept has been applied to communities and households in subsistence economies operating largely outside of the capitalist market economy as well as to those operating within it. As a concept, it is also sufficiently flexible in principle to serve as the framework for a set of policies designed to move beyond the capitalist economy and its labour market.

One potential disadvantage of the concept of sustainable livelihood is its association with strategies to support the most impoverished groups in a society, whether in the countries of the South or among the people of the North. When the concept is used this way, and related to strategies such as community economic development and microcredit schemes with impoverished communities and households, it is in danger of being dissociated from the policies and programs for the mainstream segments of the working population. When this happens, there is a serious danger that the policies and programs for the poor and marginalized will themselves be marginalized, underfinanced, and ineffective. The best use of the concept of sustainable livelihood, therefore, is in a way that serves to integrate the interests of the poorest and most marginalized with those of workers in the

mainstream and contributes thereby to strengthening the political support such policy requires.

The United Nations Development Program defines livelihood not as a job but as "the activities, entitlements and assets by which people make a living" (United Nations Development Program 1999: : 3) Activities include employment, of course, but also include a wide range of non-market activities that contribute to social reproduction. Entitlements include social programs that serve to guarantee a livelihood, such as unemployment insurance and social assistance. Assets are defined broadly to include those which are:

not only natural/biological (i.e., land, water, common-property resources, flora, fauna), but also social (i.e., community, family, social networks), economic (i.e., jobs, savings, credit), political (i.e., participation, empowerment), human (i.e., education, labour, health, nutrition), and physical (i.e., roads, markets, clinics, schools, bridges). The access to, use of, and interaction among these assets serves as the foundation of a livelihood system. (Ibid.)

The UNDP also defines sustainability in a broad manner; the concept implies:

Economic efficiency, or the use of minimal inputs (or assets) to generate a given amount of outputs;

Ecological integrity, ensuring that livelihood activities do not irreversibly degrade natural resources within a given ecosystem; and

Social equity which suggests that livelihood opportunities are equally distributed at both the intra-household and inter-household level. (Ibid.)

To clarify the concept a little further, I propose to define the opposite of sustainability as precariousness. Like its opposite, precariousness can apply to a wide range of situations with respect to livelihood, from subsistence farmers facing deteriorating ecological conditions to workers in an advanced capitalist economy unable to obtain employment that provides an adequate level of income security. It therefore includes both outright unemployment and varying degrees of insecure temporary and part-time employment. The causes of precariousness can usually be traced to systemic lack of assets of the type identified above by the UNDP.

The last aspect of sustainability mentioned above, social equity, deserves further mention. This principle is an implicit recognition that in a society in crisis, in which no one has a secure livelihood, then of course a sustainable livelihood cannot be guaranteed to anyone. But, to apply Fraser's concept of parity of participation, in a society in which a sustainable livelihood is a possibility for everyone, then the society ought to ensure that it is. This makes sustainable livelihood both a technical and a normative concept. It can be stated as a right: "Everyone has the right to a sustainable livelihood." Livelihood is a basic human need. From the perspective of workers, livelihoods are not only desirable but necessary. From the perspective of society, sustainable livelihood is essential to the daily and intergenerational reproduction of life. We can therefore conceptualize

sustainable livelihood as a prerequisite to parity of participation as Fraser defines it.

From Sen's perspective, the right to a sustainable livelihood is instrumental to the achievement of basic capabilities equality.

Realizing basic capability equality, parity of participation, and the right to a sustainable livelihood, however, is a political task. I will now turn to this aspect of the question, "what is progressive?"

2.2 A framework for the analysis of strategy and action

The normative framework developed in the section above will help us to assess the outcomes in the case study. Were they progressive? What policy outcomes did the efforts described achieve, and how did they fall short of our criteria for progressive social policy? The analytical framework in this section will help us to explain the outcomes: what were the strengths and weaknesses of the central actors in the case study — in terms of their capacities, strategies, and tactics — in relation to the opportunities and constraints they confronted?

2.2.1 The agents: an anti-poverty network

The case study focuses upon a network of like-minded individuals engaged at the local scale in Ottawa with a common concern for welfare reform. I will introduce them in

detail in Chapter 6. Here, my purpose is to discuss briefly the question of how to characterize this network and locate it within an appropriate theory of social action.

The network comprised activists within community-based service and advocacy organizations, including organizations of welfare recipients, as well as progressive elected municipal councillors, municipal social services managers and staff members, and other individuals, including academics. This range of membership, as well as its focus upon the specific policy issue of welfare reform, made the network in some respects like a policy network as described in the institutionalist literature (Coleman and Skogstad 1990; Atkinson and Coleman 1992; Pross 1992). However, the related concepts of “sub-government” and “attentive public” fit awkwardly, if at all, with the phenomenon. During the period of focus, 1995 to 2003, all members of this network, both inside and outside the local state, were firmly located outside the “sub-government,” which in this case was the small group of political and bureaucratic decision-makers in the provincial government implementing the welfare reform agenda of the Common Sense Revolution.

This local anti-poverty network was also in some respects much like an urban social movement, as described in the social movement literature, but here again the fit is not comfortable. Hamel, Lustiger-Thaler, and Mayer (2000) distinguish three types of urban social movements in contemporary societies. Each is a response to broad socio-economic trends in the current period of capitalist globalization. The first type is a form of

resistance to the costs of inter-local competition among entrepreneurial cities in the form of spectacular urban projects such as hosting the Olympic Games, massive redevelopment schemes, gentrification, and the associated displacement of vulnerable populations. These movements tend to be strongly oppositional and confrontational in their approach. The second type are those dealing with urban decay and the deterioration of economic conditions for significant segments of the urban population. Their composition and approach is quite different from the first. They tend to be located in community-based organizations that combine client-oriented services with advocacy of progressive public policies. Most rely on funding from state agencies and/or foundations for their service delivery role, and many are well integrated into municipal programs in the fields of economic development, employment, housing, ecology, health, public safety, and similar services. This makes them liable to cooptation and muting of their policy advocacy role. The third type are new poor people's movements that have arisen in response to public policies that use punitive measures to enforce labour-market flexibilization and to exclude certain marginal groups, including ethnic minorities, immigrants, and refugees. These tend to be sporadic in nature and to use disruptive tactics in support of specific demands, but are sometimes successful in local struggles, especially when supported by mainstream advocacy groups, churches, or professional activists with access to resources.

The first and third types were not much in evidence in Ottawa in the period under study. The anti-poverty network upon which we will focus was in many respects like the second type, but with significant differences. It had a presence not only in community-based organizations but also inside the municipal government itself; indeed, managers of the municipal social services department provided much of the progressive leadership in the conflict with the provincial government over welfare reform. For this reason, the concept of “pressure group” does not suit the reality either. Most local pressure groups, and most urban social movements, are formed to fight city hall; this anti-poverty network usually had city hall on its side.

“Urban social movement,” “pressure group,” and “policy network” are analytical constructs designed to help us understand actual social phenomena. Since none of them is completely accurate in this case, I will refer throughout simply to the local anti-poverty network. However, I will use the concept of the “urban social movement” for purposes of analyzing the strategy and practices of this anti-poverty network; it appears to provide a more appropriate framework for the analysis of the strengths and weaknesses of the actors in this case. I will also use concepts from the institutionalist literature where they seem appropriate. One such concept is that of “policy legacies”, the prior experiences of a policy network with ideas and practices that predispose it to favour certain policies and to oppose others (Hall, Peter A. 1989: 11).

2.2.2 Social movement strategy

Our focus on agency leads us to the question of strategy. Here we can begin with Nancy Fraser who presents and assesses a set of strategic approaches to the achievement of recognition and redistribution. She discusses, in particular, the relative merits of “affirmative” and “transformative” remedies in each of the two fields. She defines affirmative remedies as those “aimed at correcting the inequitable outcomes of social arrangements without disturbing the underlying framework that generates them,” and transformative remedies as those “aimed at correcting inequitable outcomes precisely by restructuring the underlying generative framework” (1997: 23). She notes that, in the field of distributive justice, the socialist objective has always been transformative, that is, to put an end to class divisions. The strategy of the liberal welfare state, by contrast, as distinct from the social-democratic variety in Esping-Andersen’s (1990) typology, has been to redistribute resources without attempting to transform class divisions. A similar distinction can be made in relation to strategies of recognition. Affirmative remedies, which Fraser attributes to “mainstream multiculturalism,” attempt to redress various forms of misrecognition by valorizing the distinctive identities of existing groups while leaving those identities intact: examples are the politics of gay pride, black consciousness, or radical feminism. Transformative remedies aim to change the underlying cultural identity structure, destabilizing existing group identities and differentiations and thereby changing everyone’s sense of self. Examples include queer

politics, which attempts to undermine the hetero/homo polarity in the area of sexual orientation, the deconstruction of traditional gender roles, and the politics of non-racialism as espoused, for example, by South Africa's African National Congress, as opposed to the politics of black consciousness.

Fraser views transformative remedies as more likely to lead to lasting parity of participation, but also as more "experientially remote" (2003b: 78) for most subjects of maldistribution or misrecognition, especially in the liberal welfare states. They may be more sound programmatically but they are less feasible politically. This leads Fraser to propose a strategy of "nonreformist reform" (Ibid.: 78-82), that is, reforms that appear to be affirmative but that can have transformative effects. The exact conditions for a successful strategy of nonreformist reform will depend on the specific context, she says, but the general features of such an approach can be sketched out. Nonreformist reforms engage people's existing identities and respond to their needs as they currently understand them, but they set in motion a trajectory of change that makes more radical change feasible over time. They do this by changing the terrain upon which future struggles will be waged, altering the incentive structures and creating new political opportunity structures that will expand the set of feasible options in the future. As such reforms accumulate, they lead to transformative change over time.

This aspect of Fraser's argument, the question of strategy, is rather weak.

Transformative remedies seem quite remote indeed as approaches, for example, to the recognition of different language groups and of vulnerable cultural minorities such as Aboriginal peoples. Fraser also acknowledges that the idea of nonreformist *economic* reform, or something quite similar, was the concept underlying social democracy in the Fordist period. Social democratic policies – universal social welfare entitlements, steeply progressive taxation, macroeconomic policies that ensured full employment, a significant public sector, public enterprises – were intended to shift the balance of power from capital to labour and to establish a trajectory of change in order to alter the terrain upon which future choices would be made. However, social democracy was never fully tested, Fraser says, because “neoliberalism effectively put an end to the experiment” (2003b: 80). Clearly, if social democratic parties and governments faltered in the late twentieth century it was not due to the agency of “neoliberalism” as such but to powerful social forces armed with neoliberal ideology. Fraser's formulation here is perhaps just due to lack of care, but it reflects a less than adequate consideration of the question of power. Her analysis yields a number of useful concepts – notably the basic concept of parity of participation and the instrumental concepts of perspectival dualism, affirmative and transformative remedies, and nonreformist reform. We can use these to assess actual and proposed social policies, but they do not provide much insight into strategies for progressive political action.

In her own defence, Fraser argues that “the task of developing an integrated strategy is not a job for an individual theorist. It is, rather, a project for an emerging counterhegemonic bloc of social movements” (2003b: 86). Depending on the context, she adds, such a bloc could take the form of a united front or it could be a decentralized collection of social movements that attempt to coordinate their analysis and political action to some degree. Here, and elsewhere (1997: Chap. 7), Fraser signals her qualified support for the basic concepts of radical democracy (Laclau and Mouffe 1985; Mouffe 1992; Trend 1996) as the basis of a political strategy. Her qualification is that redistribution and recognition must both be given full weight as dimensions of social justice in any political strategy.

As expounded by Ernesto Laclau and Chantal Mouffe in their seminal work, *Hegemony and Socialist Strategy* (1985), radical democracy is a neo-Gramscian political theory that decentres class as the foundational social identity and recognizes the existence of multiple intersecting identities within an open, contingent social reality. Social class continues to be an important “subject position” within class-divided societies, and class struggles continue to be crucial forms of political action, but they are not *the one* central identity. Rather, workers’ struggles are a moment in the broader movement for equality and liberty that has characterized modern societies since the eighteenth century. To be progressive, from this perspective, is to engage in the struggle for radical democracy, that is, for the expansion of social equality and human liberty. In this sense, radical

democracy shares its roots with liberalism. However, Laclau and Mouffe reject the methodological individualism that has come to characterize much of liberal thought. For them, social identities are collective identities, and politics is the practice of articulating a range of social identities in a “chain of equivalence” in order to construct a relatively stable hegemony, or to provide a counterhegemonic opposition. Since social identities are multiple, intersecting, and changeable, hegemonic formations are constantly shifting, and constant political work is required both for hegemonic and counterhegemonic forces; this is Laclau and Mouffe’s interpretation of Gramsci’s concept of the “war of position”.

Hegemony, by this account, is not a topographical description of a social formation but a form of politics, a type of political relation. There is not one, single hegemonic struggle in any given social formation, as Gramsci maintained; there are many. Laclau and Mouffe make a distinction between a “popular struggle”, in which the entire political space in a social formation is divided between two antagonistic camps, and a “democratic struggle”, which takes place in a clearly delimited political space around a specific antagonism. Popular struggles are the exception in modern capitalist societies, they argue; they are more typical of anti-colonial struggles. Democratic struggles emerge in relatively limited political spaces; the social movements engaged in these struggles require relative autonomy in order to allow the specific antagonism in that space to be clearly defined. This is the rationale for the pluralism that Laclau and Mouffe espouse. Hegemonic practice is the work of constructing a chain of equivalence among agents

operating in this delimited political space. However, they argue that hegemonic practice must also be conceived as constructing a wider chain of equivalence among social movements across a range of democratic struggles. This political work is necessary because of the inevitable clash of perspectives and objectives between social movements: those of forest industry workers and ecologists, for example. Here the hegemonic practice may be conceived as the construction of “democratic equivalence” in the name of a broader principle that serves as a basis of solidarity and alters the identity of the agents in each of the separate struggles. This broader principle, Laclau and Mouffe suggest, could be Marx’s phrase, “that the free development of each should be the condition for the free development of all” (1985: 183). A principle more in keeping with Fraser’s perspective could simply be “social justice,” “parity of participation,” or “sustainable livelihood,” suitably defined in relation to the issues of the day.

For Gramsci, the agent of hegemonic practice was always a “fundamental class” – capital or labour – and its “organic intellectuals”. For Laclau and Mouffe, there is no fundamental class, and hegemonic practice can emerge in many different political spaces. However, these spaces are by no means all the same. Laclau and Mouffe recognize that power tends to be concentrated around “nodal points” that serve to provide a relative degree of stability to hegemonic formations. This power is, to a large extent, a function of the success of the articulatory practice, but it is always contingent. They define Gramsci’s concept of “organic crisis” as a conjuncture in which there is a general weakening of the

articulation among the elements making up the hegemonic formation. Such a conjuncture is marked by a proliferation of antagonisms and “a generalized crisis of social identities” (1985: 136).

Toward the conclusion of *Hegemony and Socialist Strategy* (pp.188ff), Laclau and Mouffe underline the crucial importance for the left of going beyond critique to develop a positive set of proposals for the construction of an alternative social order, of not confining itself to a negative strategy of opposition. Without such a positive program, they point out, there is no capacity to act hegemonically. The success of the current neoliberal hegemony has been based in large part on its ability to create the widespread belief, enunciated by Margaret Thatcher, that “there is no alternative”, the so-called TINA principle. A counter-hegemonic strategy needs to demonstrate that “things could be otherwise” (the TCBO principle), and that political action (not necessarily restricted to the narrow arenas of traditional politics) can bring it about. In doing so, Laclau and Mouffe suggest, there are pitfalls to avoid. One would be the failure to recognize the diversity of the political spaces in which the struggles take place, and the specificity of these different struggles. The pitfall to avoid here is the imposition of one dominant utopian vision to which all of the separate struggles are expected to conform. At the same time, they argue, it is important not to restrict political discourse to those policies which it is possible to implement at present and to reject anything that goes beyond them. Utopian visions, they argue, make possible “the constitution of a radical imaginary” (p. 190).

There is always a tension between the critique of current conditions and the limits to what is possible in any given conjuncture. Radical democracy, they say, should attempt to institutionalize this moment of tension, for it serves to underline the essentially open and precarious nature of social reality. To be “progressive” in this context, is not to achieve everything at once, but to be moving in the direction of greater equality and liberty.

There is a remarkable degree of correspondence between the strategic ideas of Laclau and Mouffe and the theory of progressive political action advanced by Magnusson and Walker (1988) and deployed by Klodawsky and Andrew (1999) in an article exploring the progressive potential of local political action in Ottawa. Both theories envision progressive political action in three stages, or levels, that may overlap in time; Magnusson and Walker emphasize the learning dimension at each level. The first stage is what Magnusson and Walker call “struggles of specificity”. People organize in response to a particular problem: pesticide spraying in the city, a school closure, streets unsafe for women, a need for public recreation facilities. For Laclau and Mouffe, this is the hegemonic practice of democratic struggle within a delimited political space. Magnusson and Walker give this stage a spatial dimension, referring explicitly to *local* struggles. Here social actors take on issues of immediate concern to themselves and learn how to organize and act politically. The immediacy of the issue to people’s concerns facilitates the organizing effort. Laclau and Mouffe recognize the importance of respecting the autonomy of such struggles, of encouraging a relative (but never absolute) closure of the

political space in order to allow the antagonism to be sharpened and a chain of equivalence constructed among allied forces within that space. In many cases the story ends there, but both theories point to the progressive potential residing in the expansion of these struggles to the next level, what Magnusson and Walker call “struggles of connection”.

A struggle of connection allows the local struggle to transcend its specific limits and to reframe its purpose and very nature within a broader political and social movement. Laclau and Mouffe use the example of the Chartist Movement in 19th century Britain that brought several social, political, and economic struggles under the same banner, transforming the meaning of each by connecting it with a broader vision. In our own time, struggles of connection usually mean expanding the understanding of one’s own issue, coming to see it as part of a larger social movement – of peace, ecology, feminism, antipoverty, labour, human rights, and so on – and making connections with established organizations and activists working on these fronts. For Magnusson and Walker, at this level the learning process is one of coming to “recognize that their specific problems are the result of global structures and processes, that these structures and processes are inter-related, and that they are internalized by the people who must struggle against them” (1988: 62). This can lead to connections at other scales of political action and even to networking across borders in order to cooperate on common goals (Keck and Sikkink 1998).

The third stage is the ongoing revisioning of social struggles, which Magnusson and Walker term “struggles of imagination” and Laclau and Mouffe refer to as “the constitution of a radical imaginary”. For Magnusson and Walker, this stage is characterized by the rethinking of basic categories of political action: community, power, democracy, or development, for example. This leads to a search for new political spaces – particularly those outside the state, in civil society and personal life – and to new political practices that aim not to take over existing structures of power but to delegitimize and change them. Laclau and Mouffe emphasize the importance of managing the tension between action on objectives that can be achieved now and the longer-term vision. Magnusson and Walker point to new political practices of critical social movements that aim for small victories with larger symbolic resonance.

Nancy Fraser (1997: Chap. 7) has argued that radical democracy can serve as a basis for overcoming the fragmentation of left political activism into a multitude of separate struggles as well as for developing a “postsocialist” strategy for contesting the present hegemonic conceptions of democracy. She believes, however, that radical democracy has to leave the terrain of identity politics and find a better balance, and a better linkage, between culture and political economy, between demands for recognition and demands for redistribution. This could be a valid criticism of radical democracy as interpreted by other authors, but Laclau and Mouffe recognize the validity of both kinds of struggle and the importance of constructing a chain of equivalence between them, as does Fraser, who

understands that both kinds of struggle may be bound up in the same activist effort. In their Preface to the Second Edition of *Hegemony and Socialist Strategy*, Laclau and Mouffe write:

One of the central tenets of *Hegemony and Socialist Strategy* is the need to create a chain of equivalence among the various democratic struggles against different forms of subordination. We argued that struggles against sexism, racism, sexual discrimination, and in the defence of the environment needed to be articulated with those of workers in a new left-wing hegemonic project. To put it in terminology which has recently become fashionable, we insisted that the Left needed to tackle issues of both 'redistribution' and 'recognition'. This is what we meant by 'radical and plural democracy' (Laclau and Mouffe 2000: xviii).

2.3 Conclusion

What is progressive? Under conditions of value pluralism such as those existing in Ottawa in the late 20th and early 21st centuries, social policy should aim to achieve parity of participation, not only in formal political decision-making but in the social life that makes such participation possible. This is a concept of social justice that is both procedural and substantive.

This concept is compatible with Amartya Sen's concept of basic capability equality which brings together the principles of liberty and equality and gives priority to enhancing the liberty of those who have the most limited range of possibilities. The principle of basic capability equality provides the basis for integrating consideration of the needs and aspirations of people with a range of intersecting social identities based on

class, gender, race/ethnicity, nationality, age, and generational cohort. It is also complementary to the concept of active social policy that has widespread currency today.

For the policy field of welfare reform, these principles are expressed in the concept of sustainable livelihood — the activities, assets, and entitlements by which people make a living. A sustainable livelihood is a prerequisite to parity of participation.

These are criteria by which we may assess both the policy ideas and the actual policy outcomes in the case study. Considering the actual conditions existing in Ottawa in the period under study raises the question of effective political strategy toward these progressive objectives. I have drawn on the theory of radical democracy as put forward by Laclau and Mouffe and enhanced it with reference to the work of Magnusson and Walker on the practices of critical social movements. Effective political strategy, by both accounts, involves three levels or stages of practice: struggles of specificity, struggles of connection, and struggles of imagination. Achieving progressive, transformative social change demands work at all three of these stages. The case study will focus particularly upon the efforts of a local anti-poverty network to achieve progressive outcomes. Some of the conceptual tools suggested by Nancy Fraser will be helpful in analyzing the policies and strategies of the actors: the practice of perspectival dualism, the distinction between affirmative and transformative remedies, and the strategy of nonreformist reform.

Chapter Three: The welfare policy context

3.0 Introduction

There are many ways to act locally for progressive objectives, but in this study the focus is upon public policy. The central policy concern of this study is welfare, or social assistance — the terms are commonly used interchangeably in Canada. Welfare policy is a form of labour-market regulation (Piven 1998; Peck 2001). To frame the study, therefore, we need a broad theory of labour-market regulation and of the role of the state in that process. This demands theorizing at both the abstract and meso levels.

Section 3.1 provides an overview of abstract theory of the role of the state in labour-market regulation, illustrated where appropriate with examples. Section 3.2 concentrates in more detail upon the meso-level, with an account of broad policy trends during the period under study; I have organized these trends around the themes of activation, individualization, flexibilization, and devolution. The theme of devolution will lead into a discussion in Section 3.3 of the increasing role of the local state in welfare policy and other social policy fields related to livelihoods. The section includes a discussion of resistance to regressive welfare reform, the prospects for progressive alternatives, and the potential of municipal governments as sites for both resistance and progressive gains in these efforts. Section 3.4 is a summary and conclusion.

3.1 The state and labour-market regulation

Much of the necessary work in a capitalist society is organized as a market. Making a living, for most people, involves entering the labour market and selling their labour-power to an employer in return for a wage. This commodification of labour-power lies at the heart of many of the social tensions and antagonisms in capitalist societies. Marx analyses this "peculiar commodity" in the first volume of *Capital* (1976 (1867): Chap 6, 270-280), where he observes that the capitalist epoch is "characterized by the fact that labour-power, in the eyes of the worker himself, takes on the form of a commodity which is his property." After centuries of feudalism, Marx argues, workers as people are now free, but, lacking any other means of subsistence, are required to sell their labour-power to "owners of money". Applying the labour theory of value, Marx concludes that the value of this commodity, labour-power, is measured by the labour-time necessary for its production and consequently also for its reproduction. The requirements necessary for the daily and intergenerational production and reproduction of labour-power, however, are not as easily calculable as for other commodities. These requirements are "products of history" and therefore depend on the "level of civilization attained by a country." Thus, "the determination of the value of labour-power contains an historical and moral element." One has to take into account not only food, clothing, shelter and other daily requirements but also procreation, child rearing, education, training, and anything else necessary to reproduce labour-power within a particular society.

In the same chapter, Marx also points out that the formal equality of the free worker and the owner of money comes to an end as soon as the labour contract has been struck. The exchange value of the labour-power has been determined as noted above, by the value of social labour spent on its production. However, its use value to its purchaser, the employer, depends on its productivity within the labour process. Here, at the point of production, the owner of money becomes the capitalist, the owner of labour-power becomes the worker, and the process of class struggle is set in motion over control of the labour process and the value it creates.

In this chapter of *Capital*, then, Marx provides some of our basic concepts and theoretical insights. In a capitalist economy, although the worker is free, labour-power is treated as a commodity. This commodity is not a gift of nature; its production and reproduction take place in a social context. The value of labour-power, which is equal to the labour-time necessary for its production and reproduction, is therefore socially determined. In the labour contract, workers must earn income sufficient to ensure the production and reproduction of their labour-power. In the labour process, the capitalist must obtain a use value that exceeds the exchange value paid as wages to the worker.

Karl Polanyi (1944) extends Marx's analysis by pointing out that, in a capitalist economy, labour-power is treated *as if* it were a commodity, but it is a fictitious commodity. Unlike real commodities, labour-power is not produced for the market. People bring their labour-

power to the market for reasons quite different from other commodities; they depend on its sale to sustain their physical existence. Moreover, because it is not produced for the market, the supply of labour-power is relatively inelastic; although demand for labour-power fluctuates, most workers are not in a position to withhold their labour-power and subsist without labour-market income for long, nor can the supply be increased readily beyond a certain point.

Polanyi's history of the construction of the capitalist labour market in nineteenth-century England demonstrates that the unregulated exposure of human labour-power to the fluctuations of market forces is unsustainable. "To allow the market mechanism to be the sole director of the fate of human beings and their natural environment," Polanyi argues, "indeed, even of the amount and use of purchasing power, would result in the demolition of society" (1944: 73). Polanyi's account goes on to chronicle the self-protecting "countermovement" by which English society brought some measure of control to the devastating effects of the free market in labour.

Protection of society from the harmful effects of an unregulated labour market might have been a problem long since solved in capitalist societies were it not for another basic feature of capitalism, the law of value. In a capitalist economy, owners of capital invest where it will bring the greatest profit for the level of risk involved. Since markets fluctuate, there is a corresponding volatility in the demand for labour. Moreover, the cost

of labour has a direct impact on the rate of profit. Measures designed to regulate the labour market in order to protect society tend to increase the cost of labour and thereby reduce profits. This can happen directly, through bargaining over wages, benefits, and working conditions, or indirectly, through action by the state in setting minimum wages, establishing workplace standards, regulating hours of work, taxing earnings to finance social and labour market programs, and so on. There is a synergy between these various forms of protection. For example, the existence of measures to enhance income security, such as unemployment insurance, can strengthen the bargaining position of workers. The state also plays a critical role in establishing and maintaining the legal framework within which workers may organize to bargain collectively with their employers.

States in capitalist societies must find ways to manage the tensions between, on the one hand, the protection of society, particularly the reproduction of its labour-power from day to day and from generation to generation, and, on the other hand, the operation of the law of value. We refer to these two requirements as social reproduction and the valorization of capital. How states do this is a subject for empirical investigation. The regulation of a capitalist labour market involves managing a number of "regulatory dilemmas" (Peck 1996: 24). These dilemmas may be dissected in different ways for analysis, but in practice they are interrelated in complex ways. Following Peck's approach (1996: Chap 2), we will organize them into four categories: (i) incorporating labour, that is, managing the labour supply, (ii) allocating labour, or determining who does what, (iii) controlling

labour, which involves governance of the labour process, and (iv) reproducing labour, which will bring us full circle back to managing the labour supply.

Each category has implications for labour market inequality, and each presents particular dilemmas for public policy. It is worth emphasizing that each category refers to tensions and dilemmas rather than to particular tasks or solutions. Within a capitalist society, it is not possible to achieve a final resolution of these tensions because they arise from contradictions that are basic to the capitalist mode of production. The two horns of each dilemma can generally be traced back to social reproduction and the valorization of capital, the two essential but contradictory requirements of a capitalist society. Hence, they are problems to be managed rather than resolved. Moreover, we should not expect states to be predisposed to any particular set of solutions, partly because states are not unitary actors, nor are they the only actors in regulating labour markets. Public policies vary over time and from place to place, and they provide only temporary solutions to these dilemmas, at best.

3.1.1 Managing the labour supply

Unlike real commodities, labour-power is not produced specifically for the labour market. People, the bearers of labour-power, are born many years before they become available for employment. Demographic waves – for example, the baby boom, the baby bust, and the echo generations (Foot and Stoffman 1996) – are the result of complex

social processes that have little to do with the expectations of parents for the job opportunities of their children.

Real commodities are produced and supplied in quantities calculated on the basis of projected market demand. Unregulated labour supply, by contrast, has little to do with demand conditions in the labour market. In the language of economics, its supply is relatively inelastic. It cannot reduce or withhold itself from the market. When demand for labour is slack, workers are at a distinct disadvantage in relation to employers, and this power imbalance can then affect the other dilemmas, sometimes severely. Slack demand for labour – or, the oversupply of labour – can lead to depressed wages, especially in the sectors experiencing greatest oversupply; it can strengthen the power of employers in governing the labour process; and it can weaken the society's capacity to reproduce the labour supply (Offe 1985; Granovetter and Tilly 1988; Purdy 1988).

In a tight labour market, by contrast, where labour is in short supply, power can tilt in the other direction. This can drive up wages, reducing profitability and threatening the valorization of capital; it can also undermine the control of employers over the labour process. These factors will discourage new capital investment.

Since there are so many other factors apart from market demand determining the supply of labour, some form of regulation is necessary. Where a free labour market has been

well established, the availability of people to work can be induced in many ways, both material and ideological. The ideological aspect is usually termed the work ethic, best summed up in the exhortation, "Get a job!" Simply put, most people over a certain age and with no legitimate claim to exemption are expected to sell their labour-power in order to "earn a living." It is a sign of adult status, and it is reinforced by the promotion of consumption norms. This ideology pervades capitalist societies; it is promoted in the family, the community, the education system, and the media, to name only the most obvious sites.

In any given time and place, there are usually clear norms governing expectations about labour-market participation. Certain groups are assigned legitimate alternative roles -- for example, students, the mothers of young children, the infirm, the elderly. These expectations vary from place to place and can change over time. For example, during the course of the twentieth century, the expectations governing the labour market participation of married women in Canada were completely reversed. In the first half of the century, a "marriage bar" existed; employers expected women to give up their jobs once they married (Phillips, Paul and Phillips 2000). Single mothers received a "mother's allowance" to support them outside of the labour market. By the end of the century, not only were married women and mothers allowed to enter and remain in the labour force, they were expected to do so. Somewhat earlier, children and youth experienced a reversal of norms in the opposite direction. Social reformers, in coalition with labour unions,

successfully pressured governments to put an end to most existing forms of child labour by instituting compulsory schooling (Heron 1995; Axelrod 1997).

Having constructed and maintained a labour supply through such ideological means and material practices, a capitalist society must also manage the tensions created by periodic drops in demand for labour, as well as by chronic, long-term problems of exclusion from the labour market experienced by certain groups, notably the young, the elderly, the disabled, and residents of certain regions. Here again the state plays a central role, using a variety of material and ideological practices. States can influence labour-market participation rates by expanding or contracting support for institutions that are on the boundaries of the labour market — the education system and laws governing compulsory schooling, child care, unemployment insurance and social assistance, retirement benefits and laws governing retirement age, and so on. Even prisons may play a role (Wacquant 2002).

3.1.2 Allocating labour

The question of how different individuals and groups are assigned to different places in the division of labour is crucially important in a capitalist society, where inequalities in labour market position explain much about the distribution of wealth and power. This is a large and complex topic, so we should not be surprised to find competing answers to the question.

In Canada today, the orthodox account of the allocation of labour to different occupations and sectors is based on human capital theory. In a nutshell, human capital theorists claim that education, training, and work experience provide individuals with skills and knowledge, which they call human capital, and that more of these factors provides more human capital; that employers buy the use of that human capital when they hire employees; that employers pay higher wages to employees with higher levels of human capital because their higher levels of skill and knowledge result in higher productivity; that more human capital results in higher incomes; that individuals therefore have incentives to invest in their own human capital development. Further human capital is acquired through work experience, and this is reflected in increasing incomes with increased years of experience. The same reasoning applies to self-employment; in this case, higher productivity pays off directly in higher income (Mincer 1958; Schultz 1961; Becker 1975).

The evidence for some of these claims is strong, since the finding that more education and training is associated with higher incomes is, with some qualifications, robust. The question is not whether this is so, but why it is so. The claim that more experience leads to higher incomes, however, is not valid in many parts of the labour market. Any attempt to understand why this is so will lead us well beyond human capital theory.

Although we could critique human capital theory from several perspectives, the focus here is only on its capacity to explain patterns of allocation in the labour market. The models of human capital theory share with neoclassical economics the standard assumptions of perfect competition, complete markets, perfect information, perfect mobility, and instantaneous adjustment. These may be relaxed to analyze particular problems of 'market failure,' but more frequently they are simply implicit in the analysis. For example, it is typical to find some of the following assumptions playing an implicit role in an orthodox analysis: wages are determined by the marginal product of labour; capital markets will provide loans for education and training that contribute sufficiently to marginal productivity to warrant them; and all actors know which areas of knowledge and skill provide the highest rate of return, now and in the future.

The reality is far more complex. Human capital theory, as Granovetter (1985) argues, is "undersocialized," a weakness it shares with other branches of neoclassical economics. By failing to take into account social structures and dynamics, it is unable to explain several phenomena that are widely observed in labour markets: (a) opportunities to acquire human capital are not equitably distributed; labour market disadvantage is closely related to gender, age, region, and the social class of one's family of origin; (b) skills, knowledge, and experience are only one set of factors that determine a person's location in the labour market; and (c) there is widespread underemployment and underutilization of skills in many labour markets of the industrialized world.

It has long been known that the aspirations of youth are strongly influenced by their family background. The children of well-educated, high-income parents are much more likely to complete high school and post-secondary education and go on to well-paying professional or managerial occupations (Anisef, Paasche and Turriffin 1980; Porter, John A., Blishen and Porter 1982; Looker and Pineo 1983). Family background interacts with other factors to create expectations and define opportunities and constraints. People from rural and remote locations face more constraints in access to education (Looker 1993). Gender is still a strong determinant of choice of course of study and occupation (Krahn and Lowe 1998: 117). Constraints and opportunities are further defined on the supply side by state policies regarding access to and quality of education, the practices of financial institutions regarding loans for education, and the quality and accessibility of information regarding education programs and their relationship to employment opportunities.

Labour market disadvantage can also be a function of factors other than access to education and training. Offe and Hinrichs (1985) note that certain groups are at a disadvantage because of the tendency of employers to attribute to them a weaker attachment to the labour market than others who have the same formal credentials. Young workers, for example, tend to be viewed as unstable, more likely than older workers to quit a job, because they are not yet ready to begin a career. Osterman's (1980) study of young males in the U.S. concluded that this was a self-fulfilling perspective; young males

had high turnover rates because they did not have access to career-track jobs.

Similarly, women tend to be viewed as less interested in a career because of their need to drop out for periods of childbirth and child-rearing, and this stereotype can serve as a barrier to access to career-track jobs.

Human capital theory and related accounts focus on the supply side of the labour market. To have a complete understanding of labour allocation, however, we need to understand both the supply and demand sides of the labour market; labour allocation is the outcome of the interaction between labour supply and labour demand.

If, in a simple thought experiment, we were to imagine that everyone in Canada completed high school, achieved a post-secondary qualification of some kind, and encountered no labour market barriers that were due to gender, race, age, national origin, or class background, would we then have an equitable labour market? No doubt, this change in labour supply would have some impact on labour demand; the two sides of the labour market do influence one another. However, the quantity and structure of demand in the labour market are determined by several additional factors, from broad macroeconomic conditions such as aggregate demand, and the composition of demand, to employer strategies for controlling labour costs and the labour process, collective agreements between employers and unions, rules and practices of professional associations, as well as labour law and related aspects of public policy. Inequalities in

labour allocation arise from the way these factors interact with inequities on the supply side of the labour market.

To understand the way demand and supply are structured in the labour market, let us turn to labour-market segmentation theory. With roots in institutional economics and sociology, Marxist theory, and Keynesian theory, this is currently the leading alternative to human capital theory as a method of accounting for labour allocation outcomes.

Segmentation theory conceives of a labour market as a complex institution that is generated by the dynamic interaction of a demand side and a supply side within a regulatory context provided primarily by the state. These three realms are relatively autonomous, but they condition one another as they interact. The empirical reality of a labour market is the contingent outcome of the interaction of these three realms in a particular time and place.⁵

The structure of the demand side of the labour market is itself multiply determined. The overall quantity of demand for labour in a particular time and place depends upon aggregate demand for the goods and services produced in that time and place. The particular nature of the demand is similarly determined by the composition of demand for

particular goods and services. The quantity and quality of labour required is also contingent upon the technology used in producing the goods and services. Demand is also shaped by employer strategies for achieving the competing purposes of ensuring a labour supply, minimizing costs, and maintaining control over the labour process.

Theorists of "dual" labour markets, an early form of labour-market segmentation theory, distinguished between primary labour markets, associated with large firms in oligopolistic industries and the public sector, and secondary labour markets in more competitive sectors of the economy. In the former, core employees earn high wages and benefit from career ladders within the internal labour markets of large firms or public organizations. In the latter, workers receive lower wages and have less job security. The demand side of labour markets is segmented not only between industries and employers but also within individual firms and public organizations. Labour demand may be segmented between a core group of employees who can move flexibly between tasks and projects, on the one hand, and categories of peripheral part-time and temporary workers, consultants, agency temporaries, sub-contractors, and suchlike, who have little or no security of employment, on the other. The core group has relatively secure employment and exhibits "functional flexibility," while the peripheral employees are characterized by

⁵ For an overview of labour market segmentation theories, see Krahn and Lowe (2002: 129-144) as well as Peck (1996: Chap. 3).

their "numerical flexibility;" that is, they can be hired on and laid off with relative ease. I will discuss flexibilization in more detail in the section 3.3 below.

Complexity on the demand side of the labour market is matched by equally complex processes of segmentation on the supply side. While differences in human capital may explain some of this segmentation, there are other sources of social cleavage and inequality on the supply side that are both cause and consequence of segmentation in demand for labour.

Gender inequality, for example, the existence of distinct and unequal gender roles within male-dominated domestic life, predates capitalist labour markets. As the capitalist labour market grew in the nineteenth century, employers hired young women for work that reflected the attitudes and skills associated with their roles in the domestic division of labour. Thus, the top ten jobs for women in Canada by 1891 were servant, dressmaker, seamstress, tailoress, saleswoman, teacher, farmer, housekeeper, laundress, and milliner (Steedman 1997: 13). The relegation of women to distinct job ghettos has been a prominent characteristic of the labour market since that time. It has been mitigated since the 1960s by second-wave feminism, but the continuing disadvantage of women in the Canadian labour market is reflected in the significant gap in average earnings between men and women (Phillips, Paul and Phillips 2000).

The youth labour market, sometimes called the student labour market, has grown during the twentieth century in part because of the large numbers of young people in their late teens and early twenties who are still participating in the education system. They are available for part-time and summer jobs, largely in low-wage service industries. Here they can generate income to supplement the support they receive from their families, to pay for their education, and to give them a measure of semi-autonomy within the family.

Roles in the family, therefore, play a major role in determining roles in the labour market, but the reverse statement is also true. As the roles of women and youth have changed in one sphere, they have changed in the other as well. The causation does not work in just one direction; rather the two realms have a mutually conditioning effect on one another. In similar ways, the roles of men have changed both in the labour market and in the family.

As these examples demonstrate, the family plays an obvious role in reproducing and maintaining the labour supply. This it does not only in terms of procreation but also by socializing the young in relation to labour market roles. The classic work on this process is Willis's (1977) account of how English working class boys of the 1970s learned to prefer the working class jobs of their fathers, and to despise other occupations, even those that provided better incomes. The challenge to standard human capital theory in this account could not be clearer.

Family *background*, then is a major source of inequality on the supply side of the labour market. The *current* family situation is also a critical source of advantage or disadvantage. Families provide daily support for workers, making their meals, washing their clothes, and contributing to total household income. The division of labour in the family conditions the capacity of its members to participate in the labour market. Single parents of young children are at a distinct disadvantage in this regard. In Ottawa during the period of our case study, over half of single-parent households with children under the age of 18 had incomes below the poverty line (see Chapter 6, Table 6.6).

The labour supply is also segmented by the varying capacities of different groups of workers to organize for collective action, particularly in unions and professional associations. Strategies of collective action vary but have in common the power to restrict the supply of labour in a part of the labour market, to negotiate collective agreements with employers, and to withdraw labour collectively as a bargaining tactic. Thus, another significant source of inequality in the labour market arises from the variations in capacity for collective action. Here, too, the causation is not unidirectional. Unorganized workers are at a disadvantage in the labour market, and this disadvantage reinforces their reduced capacity to organize.

Disadvantages in the labour market tend to accumulate. As Peck (1996:30) observes, low wages, precarious job security, undesirable and dangerous working conditions, and lack

of union protection, all tend to be clustered together in certain areas of the labour market and distributed according to ascribed characteristics, particularly gender, race, national origin, and age, rather than to human capital attributes. There is a direct connection between low-status jobs and low-status social groups; the two are to some degree mutually constitutive.

This is perhaps most evident in the case of immigrants with professional or technical qualifications. In Canada, there are well-documented barriers on both the supply and demand sides of the labour market to access by immigrants to work in their field. This is true not only for physicians, the best known case, but also for nurses, teachers, veterinarians, engineers, and several skilled trades. The barriers arise on the supply side in the form of licensing requirements and on the demand side in the insistence of employers on "Canadian experience" (Picot 2004).

The state plays a crucial role in the segmentation of the labour market. It is the responsibility of the state to establish a framework for collective bargaining, to set minimum employment standards, including a minimum wage rate, to protect against discrimination on the basis of ascribed characteristics such as race and gender, to facilitate the inclusion of immigrants, and to provide for equity in the labour market among various social groups. At the same time, the state must be concerned about maintaining conditions conducive to the valorization of capital.

3.1.3 Controlling the labour process, or "the politics of production"

Once a labour contract has been struck, the employer must ensure that the value produced by the worker is sufficient to warrant the expense. Here again, however, it becomes apparent that labour-power is not a real commodity with properties that can be transferred unproblematically to the purchaser. Labour-power is a set of capabilities borne by people. The challenge for the employer is to ensure that the worker applies those capabilities in the most productive way possible.

From the earliest stages of the free labour market, employers have used a range of methods to induce the productive engagement of workers in the labour process.

Granovetter and Tilly (1988) identify a continuum of approaches, which they divide into four broad categories: loyalty, incentive, payment by results, and surveillance. (Outright coercion is outside the scope of a "free" labour market, but this does not preclude the possibility of a sector of coerced labour alongside a free labour market; see Bales et al. (2004)).

In a loyalty system, employers typically offer job security and internal promotion ladders and cultivate a sense of commitment to professional standards and pride in the company or organization. In the initial selection process, they will usually look for "self-starters" who demonstrate some degree of "fit" with their corporate culture. This tends to bias selection in favour of specific cultural and class characteristics and behavioural traits.

These criteria often work against the candidacy of young workers, women, and people of minority cultural backgrounds. Loyalty systems are usually reinforced by the use of incentives. Employers may offer a variety of incentives, such as bonuses, stock options, or wages that are higher than a worker could expect to find elsewhere. Employers typically use these methods to induce productive engagement by their core workers, and they draw a sharp distinction in status between these workers and others.

Payment by results is as old as the free labour market. It occurs in several forms and is known by various names such as piecework, outwork, and homework. In a slack labour market with many competing workers, payment by results holds great potential for exploitation. Its advantage for the employer is that it does not require surveillance and close control of the worker's labour process. The worker, too, may be free to improvise more efficient methods, and to combine production with domestic labour if working at home. This approach can be combined with incentives, but it may also be quite oppressive, with emphasis on speed and penalties for missed deadlines. If workers are based in their own homes and not under one roof, they may have little capacity to organize to defend their interests. These methods are still common in Canada's garment industry, where the workers are typically immigrant women with little proficiency in English (see Ng 2002).

Surveillance also comes in many forms and is closely related to labour processes in which the skill and judgment required of a worker have been reduced to a minimum. At this end of the spectrum, little or no loyalty is expected of the worker and mutual trust is low. The labour process is monitored closely and is frequently designed in such a way that the worker has little control over its pace or movements. Braverman (1974) saw such Taylorist fragmentation, standardization, and routinization of the labour process as the central tendency in twentieth-century factories and offices, especially in large, powerful corporations and bureaucracies. Although his analysis has been effectively challenged by the large body of subsequent research on the labour process that his work evoked,⁶ his argument is still valid for certain industries and occupations. It still applies to Fordist assembly-line production, much of which is now done in low-wage manufacturing enclaves. It also applies increasingly to work in the low-wage service industries, where methods are frequently standardized and workers closely monitored. The fast-food industry is a good example. In the words of the President of McDonald's Restaurants of Canada:

⁶ See Krahn and Lowe (2002: Chap 6) for a survey of Canadian and international literature on the labour process debates.

A McDonald's outlet is a machine that produces, with the help of unskilled machine attendants, a highly polished product. Through painstaking attention to total design and facilities planning, everything is built integrally into the technology of the system. The only choice open to the attendant is to operate it exactly as the designers intended (quoted in Krahn and Lowe 1998: 263).

Surveillance of workers in service industries takes a variety of forms. In call centres, for example, where methods and scripts are defined down to the last detail, computers monitor the number of calls made and supervisors listen in at random (Menzies 1996: 117-122). This approach is just an updating of Taylorist methods of scientific management. Elsewhere in the service sector, surveillance frequently involves a process of triangulation in which the employer engages the customer in monitoring the performance of the worker. This approach is common in situations where the worker's personality is part of the product being sold to the customer. The president of Red Lobster USA, a fast-food restaurant chain, put it succinctly: "The goal is to remove the spiel and inject the personality... to bring it down to an intensely personal experience."⁷ Arlie Hochschild's (1983) study of flight attendants, *The Managed Heart*, shows how this kind of "emotional labour" requires a form of method acting, in which the worker's performance is designed to elicit a positive emotional response from the customer. In these exchanges, of course, the customer is always right. The employer may use feedback

⁷ Quoted in Macdonald and Sirianni (1996: 7).

forms or other mechanisms to ensure that the customer has a satisfactory experience, or the worker's income may be geared to performance through sales commissions.

Michael Burawoy (1985) points out that these methods are all features of the "politics of production," which is analytically distinct from the labour process itself. Efforts to control workers take place at many scales, from the very local, at the place of work, to the global level, where, for example, the capacity of employers to shift production to other places serves to strengthen their position of power in relation to workers and thereby to induce cooperation and productive performance. Resistance by workers to these efforts can also be undertaken at various scales (Herod 2001a). Struggle over the labour process in the workplace is only one site, albeit an important one.

The diverse methods used in the politics of production are another major source of inequality in the labour market. One class of workers may be engaged by means of loyalty systems and incentives while another is controlled by surveillance and time discipline within a production system that provides no opportunity for the exercise of judgment or skill. Not surprisingly, this form of inequality is closely related to the other forms of inequality mentioned earlier. From the point of view of the employer, there is little point attempting to engage the loyalty of contingent workers, whose attraction is their "numerical flexibility." For workers in whom the employer may have invested a great deal, however, systems that create and reinforce loyalty are ways of developing a

stable core work force. Thus the same processes that allocate people to positions in the labour market govern the dynamics by which their labour is controlled. Thus, typically, positions with less job security and lower wages tend to be marked by less autonomy in the labour process.

The state plays an important role in the politics of production. It establishes the labour standards that apply to all workplaces, whether they are unionized or not; these may tilt more in favour of workers under one government, or under favourable labour demand conditions; they may be biased towards employers under a different government or when the central concern is encouraging new investment. States also provide the legal framework within which workers may exercise the right to organize and bargain collectively over their wages and working conditions. Here again, the rules may change with different circumstances. A social democratic government, for example, may ban the use of "replacement workers" in a strike, only to have this rule overturned by a subsequent conservative government. Workfarist social assistance programs that move clients as quickly as possible into the first available job are an integral part of the politics of production; I will discuss this in detail in the next section.

3.1.4 Social reproduction

Labour-power must be reproduced, both from day to day and from generation to generation. Capitalist societies make a sharp distinction between commodity production,

performed by wage labour, and unpaid domestic production which serves to reproduce the labour force itself. In a capitalist society, the working population does not produce all of the means of its own subsistence. Workers exchange labour-power for wages which are used to purchase commodities necessary for subsistence. However, wages do not cover the entire cost of reproducing labour-power. This is most evident in societies where the capitalist mode of production is articulated with pre-capitalist peasant agriculture, as in many African countries.

At the time Marx was writing *Capital*, it appeared to him that the capitalist mode of production would soon founder on the contradiction between the capitalists' drive for profits and the workers' requirements for means of reproducing their labour-power. Capital was constantly undermining its own conditions of valorization by driving workers into poverty and thereby reducing aggregate demand for the commodities produced by wage labour. The fact that this did not occur, or at least has not yet occurred, has been due in large measure to the role played in social reproduction by crucial institutions outside the labour market, the family (or household), the community, and the state.

Each of these institutions pre-dates the capitalist labour market, but each has been powerfully affected by it. Peck (1996: 36-40) suggests that we view each as "relatively autonomous" from the labour market but involved with it in a constant dialectical interaction that has a mutually conditioning effect.

The family, of course, does not exist solely for the purpose of reproducing labour-power, either from day to day or from generation to generation. The family is a primary social unit that is valued for its own sake. Nevertheless, it does serve to nourish and nurture today's work force and to prepare the workers of the next generation. Antonella Picchio (1992) points out that the unpaid labour that is devoted to these purposes in the family is a deduction from the cost to the employer. She argues, therefore, that the family and the labour market stand in a conflictual, contradictory relation to one another. The results of this conflict are most evident in the lives of women, who contribute the greatest amount of unpaid labour to social reproduction tasks in the home.

The exploitation of women in this relationship has a number of facets. Male domination⁸ in the family tends to be reinforced by its contradictory relationship with the male-dominated labour market. Because of their traditional household responsibilities in male-dominated societies, women tend to be limited in the amount of time and energy they can devote to labour-market participation. Thus, men are more likely to qualify for the career-track positions that require freedom from housework. This tends to limit even further women's role to unpaid housework and child rearing, and of reinforcing the subordinate position of women in both home and workplace.

Within the labour market, women's job ghettos tend to be defined by the skills they are perceived to come by "naturally" in the domestic sphere, such as caring for children, making clothes, preparing food, and tending the sick and elderly. Such skills are undervalued in the labour market largely because they are developed in the domestic sphere at no apparent cost. They appear to be gifts of nature. Thus, the wages of those who care for our society's preschool-age children, for example, are less than those who do our plumbing or repair our computers. This is another example of the way valuations of human capital are socially constructed.

Institutions in the community also contribute to social reproduction in ways that reduce the costs of employers and thereby contribute to their bottom lines. Schools, hospitals, churches, recreational associations, and a host of other community-based organizations perform essential services that serve to maintain and reproduce labour-power at no direct cost to employers. As with families, these institutions do not exist for the sole purpose of serving up productive workers to employers. Nevertheless, they do perform this function, relieving employers of the expense.

⁸ Picchio refers to "patriarchy." Since there is a long debate about the appropriateness of this term, I will use the expression "male domination."

Coordinating the relationship between the family and the community, on the one hand, and the employers of labour-power on the other, is one more regulatory dilemma. Over time, capitalist societies have found that the institutions of social reproduction require the intervention of the state to ensure adequate levels of health and well-being, skill development, and social stability. An activist state has been found to be necessary to socialize the task of reproducing a productive work force in order to ensure the valorization of capital.

To this end, states have taken on critical roles in establishing labour standards, providing the legal framework for collective bargaining, financing health, education, and training systems, supporting social services of many kinds, and ensuring income security for those who cannot support themselves in the labour market. However, as we suggested at the outset of this chapter, the very success of the welfare state in guaranteeing social reproduction can prove to be an impediment to capital accumulation. It may give too much power to workers, cost too much, and undermine profitability, driving capital investment away. Over the past quarter century, capitalist states have searched for new solutions to these dilemmas, but this has only served to create new problems. In a capitalist society, these dilemmas are intractable. Each set of solutions brings with it a host of new consequences, both intended and unintended. Thus, we find states searching for temporary solutions by displacing contradictions to other places and times. We now

turn to the meso level of analysis and a discussion of the role of the state in contemporary circumstances.

3.2 Major themes in current welfare and labour-market policy

This section presents an account of major trends in welfare and labour-market policy in Canada and other OECD countries during the period of the case study. Four themes emerge from these trends: activation, individualization, flexibilization, and devolution. I argue that each theme contains both progressive and regressive potential. The difference between progressive and regressive variants of each theme arises in the way it is interpreted, the context within which it is set, and the way it is implemented.

3.2.1 Activation

In Canada, as in the other OECD countries over the past several decades, the central theme in the redesign of social welfare and labour market policy is activation, the practice of promoting active participation in society, primarily through participation in the labour market, and discouraging “passive” “dependence” on unemployment insurance or social assistance.⁹ This is a trend in all of the industrialized countries and in all of the provinces of Canada. Across the political spectrum from social democrats to liberals to

⁹ The OECD has been one of the leading proponents of “the active society.” See in particular OECD (1994), Fay (1996), and OECD (1997). For general discussions of this trend see Dean (1995), Walters (1997), and Jenson and Saint-Martin (2003a).

social conservatives, governments of all hues are comfortable with the principle of activation, but there are different approaches to implementing it. Active labour market measures (ALMMs) may therefore take many forms,¹⁰ but there is a wide consensus on certain basic principles and practices: public income support, whether unemployment insurance or social assistance, should be discouraged; individuals should take responsibility for earning their own income through participation in the labour market; the role of the state is to induce this active participation through some combination of sanctions, incentives, and supports; the relationship between the state and individuals who require state support is viewed as one of reciprocal obligations, typically spelled out in written contracts.

There are, however, important differences in emphasis in the ways that states approach their role, to some degree associated with different types of welfare state regimes. For example, in the French "insertion" model, the state plays an important role in guaranteeing "social inclusion," not only through facilitating labour market participation

¹⁰ Active labour market measures are usually defined to include public employment services, such as labour market information, counselling, and job placement, labour market training, direct job creation, subsidized employment, and various measures for groups that experience barriers to labour market entry, such as youth, women, older workers, visible minorities, disabled people, and immigrants. Passive labour market measures are various forms of income support or replacement, such as unemployment insurance (Organisation for Economic Co-operation and Development (OECD) 1997). More recently, the OECD has given a strong supply-side emphasis to its definition of active labour market programs (ALMPs): "First, they make receipt of benefits conditional on the recipient demonstrating active job search and/or a willingness to take steps to improve employability. Second, they provide a

but also in many other aspects of participation in society. This model features programs of direct job creation by the state, subsidized employment in the private and voluntary sectors, and measures to reduce working time, notably early retirement (Levy 2000; Morel 2002). The social democratic model associated with the Scandinavian countries prioritizes full employment; individuals have a responsibility to work, and the state has a responsibility to ensure that work is available. Thus, the emphasis in Scandinavian ALMMs is on training programs (Drøpping, Hvinden and Vik 1999). The workfare model, associated primarily with the United States, stresses individual responsibility for finding paid employment as quickly as possible. In the meantime, recipients of income supports may be required to perform various forms of work in return for their benefits (Richards 1995; Shragge 1997; Peck and Theodore 2000b; Lødemel and Trickey 2001; Peck 2001).

Peck (2001: 9-16) distinguishes between workfare, narrowly defined as a form of social assistance that requires welfare recipients to work in return for their benefits, and multidimensional “workfarist” regimes that take many forms but that emphasize rapid transition from welfare “dependence” to paid employment. Following Peck, I will use the latter sense here. These programs are labelled in various ways, such as “work-first”,

range of pre-employment services and advice to help the individuals in question find work or get ready for work.”
OECD (2002).

“labour-force attachment”, and “welfare-to-work” programs. All have a mandatory element, normally requiring welfare recipients to move into the labour market by the shortest possible route. Such programs require close supervision of clients by caseworkers, and therefore must be administered locally. I will expand on the spatial logic of workfarism in the section on devolution below.

It is important not to reify these models, however, or to associate them immutably with particular nation states. Since activation is a common denominator across all of them, there are many points of similarity. Shifts of emphasis in philosophy and in the material practices can and do happen over time, particularly with changes of government. In the case of Canada, there can be important differences from one province to another (Morel 2002). The programs of the NDP governments of British Columbia and Ontario incorporated elements of a social democratic approach before more conservative regimes adopted workfarist approaches. As states experiment with a variety of approaches, it is possible to find hybrids, causing confusion to reified classification systems. Thus, some would argue that the Blair government's New Deal program for the unemployed in the U.K. is based on the Scandinavian model (Giddens 1998) while others see it as firmly within the American workfarist mold (Daguerre and Taylor-Gooby 2004). In the same vein, some see the roots of the Harris government's workfarist approach in Ontario in the programs of the preceding NDP government (Peck 2001: 237-240).

Jenson and Saint-Martin (2003a) note this consensus on the activation principle across OECD countries as well as the diversity of approaches to implementation. They identify three key aspects to the principle that can be found across the various regime types. The first is an emphasis on life-long learning, which is widely viewed as an essential response to the emergence of a knowledge-based economy. The second is a future orientation and a new discourse that emphasizes "investment" rather than welfare and that leads to a particular policy focus on children: new programs to alleviate child poverty, initiatives in quality child care, and new school curricula to enhance the competitiveness of the next generation in the labour market of the future. The third is an emphasis on the need to ensure active participation in society as a means of ensuring social cohesion. All three aspects of the activation principle are widely espoused in policy circles, the authors note, but not necessarily implemented effectively.

We can interpret the activation principle as a move away from the principle of decommodification of labour, a principle that drove social policy to varying degrees across all regime types in the postwar period, and was especially important in social democratic regimes (Esping-Andersen 1990). Social security is now to be found not primarily in a social safety net but through participation in the labour market. Market-oriented thinking and language pervade many areas of social policy. Education is conceived increasingly as investment in human capital. Quality child care serves double duty: allowing greater labour-force participation by mothers and preparing preschoolers

to perform more effectively when they enter the education system. Social assistance benefits are designed to reward labour-market participation and penalize passive “dependence”. Policy makers do recognize that there are many jobs with low wages, inadequate benefits, and very little security, but by placing their emphasis on the future they envision a prosperous society of active, capable workers.

The activation principle has progressive potential, but this depends entirely on the context. Activation has an ambivalent character. Under certain circumstances it can be an improvement over previous approaches to social policy; under others, it is regressive and oppressive. This ambivalent quality comes through clearly in the case of employability programs for single mothers. Since this is a major issue in our case study, a brief historical sketch of the issue as it has developed in Canada is useful at this point as an illustration.

Early in the twentieth century, provincial governments began to provide “allowances” or “pensions” to single mothers on the understanding that the proper place for a mother was at home raising her children (Strong-Boag 1979; Little 1998). This view of the proper gender role of women was a central component of the ideology of the male breadwinner advocated by trade unions and social reformers. Mothers, whether married or single, were not expected, and frequently not permitted, to enter the formal, full-time labour market, although many worked in part-time service work in small businesses. Single mothers

received meagre allowances but were permitted to supplement their incomes by taking in boarders or laundry, or by other home-based activities such as sewing. As signalled by the sub-title to Margaret Little's (1998) study of the mother's allowance in Ontario – “No car, no radio, no liquor permit” (and she might have added “no man in the house”) – the program was a form of moral regulation, defined by Little as “normalizing or rendering natural certain behaviours, family forms, and sexual practices while marginalizing others.... not merely imposing a dominant ideology as a *fait accompli* but continuously regulating the formation of identities and subjectivities of citizens” (Little 1998: xviii).

This model was disrupted by the Second World War, when women were drawn into the full-time labour market in large numbers. After the war, however, women were expected to leave their jobs to make way for the returning soldiers. According to a periodization by Patricia Evans (1996), the post-war return to the male breadwinner model lasted until the early 1960s, when programs associated with social assistance began to encourage single mothers to enter the labour force. Until 1960, Evans observes, single mothers were viewed primarily as mothers. Beginning in 1960, they began to have a dual identity, as mothers *and* workers. However, until the 1980s, programs to encourage labour-force participation by single mothers were voluntary and consisted mainly of incentives, training programs, and wage supplements. Moreover, in the case of Ontario, they did not have much effect on the labour force participation of single mothers because the financial

incentives were too small to make much difference, and there was inadequate access to affordable child care.

During the 1980s the balance shifted, and single mothers came to be viewed primarily as workers and prime candidates for employability programs. This was a trend, with variations by jurisdiction, across all of the Anglo-American liberal welfare states (Baker and Tippin 1999). This change in the identity of single mothers was the outcome of a confluence of factors. Women were entering the labour market in large numbers; by the middle of the 1990s the rate of labour-force participation of mothers *with* partners was far greater than that of single mothers in all four liberal welfare states surveyed by Baker and Tippin (1999: 29). The male breadwinner model was on its way out. Changing gender relations in society were resulting in higher divorce rates as well as higher rates of single mothers choosing to raise their children on their own. The ratio of single to partnered mothers, as well as the absolute numbers of single mothers, increased rapidly during the 1970s and 1980s. Since as many as 40 per cent of single mothers received social assistance at any one time in Canada, and a much higher percentage cycled through it for some period (Evans 1996), they came to represent a significant portion of the social assistance caseload. This trend coincided with the general crisis of the Keynesian welfare state and the impetus to cut government expenditures and introduce market-based solutions to social problems. The new emphasis on the employability of single mothers

emerged in this context and can be seen clearly in the 1988 report of Ontario's Social Assistance Review Committee (to be discussed in Chapter 5).

The period during which single mothers were excluded from the labour market and expected to survive on a skimpy mother's allowance, then, was no golden age. A shift in policy that would permit and support single mothers to enter the labour market voluntarily to earn a decent income would, from this perspective, appear to be progressive. However, for this to be the case, a number of important conditions are necessary. There have to be jobs that provide secure and decent incomes, not precarious part-time and temporary work with wages that result in an income well below the poverty line for a single mother and her child(ren). There also have to be services that make it possible for a single mother to go to work, notably affordable child care of good quality. Without these conditions in place, the practice of moving single mothers into the labour market is regressive and oppressive, and social assistance comes to be a short-term stopping place between rounds of insecure, low-wage employment. In short, to judge this policy trend, we need to consider it in its context.

We should therefore take care not to equate social inclusion uncritically with inclusion in the labour market. The work of Ruth Levitas is helpful in this respect. Levitas observes three distinct discourses of social exclusion in Britain since the 1980s and claims that the judicious blending of these discourses was central to the creation of the centre-left

coalition that brought New Labour to power in 1998 and has sustained it in power since that time (Levitas 2005). The first, and earliest, of these competing discourses is the Redistributionist Discourse, to which she assigns the acronym RED. The basic argument of RED is that people living in poverty lack sufficient resources to take part in the ordinary life of society. The solution to this problem, according to RED, is redistribution of income from those with more to those who do not have enough. The distinctive feature of RED is that it recognizes the right of all members of a society to a certain basic standard of living regardless of their status in the labour market. In this way, Levitas points out, RED also potentially valorizes unpaid labour in the home and community. In this regard, RED is consistent with the discourse of social citizenship promoted by the post-war philosophers of the welfare state such as Richard Titmuss (1987) and corresponds well with the criteria for progressive social policy developed in Chapter 2.

The second discourse of social exclusion described by Levitas is the Moral Underclass Discourse, or MUD, promoted by the New Right. The MUD tends to locate the causes of poverty and social exclusion in the moral deficiencies and cultural characteristics of poor people, notably crime and delinquency among young men and irresponsible pregnancies and lone parenthood among young women. The solution to the problem of social exclusion, according to MUD, is to tighten the rules of eligibility for benefits and to

reduce the value of benefits, thereby eliminating the incentive to be dependent on the state.

The third and most recent discourse of social exclusion Levitas calls the Social Integration Discourse, or SID. In this discourse, social inclusion is equated with participation in paid work. The solution to the problem of social exclusion is, quite simply, to get a job. This discourse underlies the trend toward labour-market activation policies and the emphasis on welfare-to-work programs in all of the OECD countries. SID, Levitas argues, implies that the problem of social exclusion is solved simply by moving from welfare to work, ignoring the vast inequalities among paid workers. SID fails to acknowledge the prevalence of precarious, demeaning, ill-paid work that does nothing for personal dignity or self-esteem and does not lift a person out of poverty.

Levitas acknowledges that there are aspects of welfare-to-work programs that are compatible with RED, SID and MUD. All three are consistent with efforts to reduce the number of people dependent on social assistance, with the desirability of socially-useful paid employment that delivers self-esteem, social relationships, and a reasonable standard of living. The distinction lies in RED's insistence on voluntary participation in programs, especially training programs, that facilitate transition into secure employment with decent pay and working conditions. As Levitas points out, RED sees insecurity of employment as a structural feature of the market economy; SID views this kind of insecurity as an

“individual deficiency”, particularly a “lack of employability” for which the individual is responsible, and which the individual should address by committing to “lifelong learning”, aided if necessary by public programs (1998: 120-1). RED sees social inclusion as a right, while both MUD and SID view social inclusion as an obligation placed upon the individual. In RED, the state’s role is to ensure that rights are guaranteed; in MUD and SID, the state’s role is only to provide opportunities.

Levitas points out that each of the three discourses has distinctive indicators for the effectiveness of public policy: for RED, the key indicators are poverty rates; for SID, they are employment rates; for MUD, they are rates of crime, teenage pregnancy, and lone parenthood (1998: 159ff).

As Levitas points out, RED, SID, and MUD give quite different accounts of "social exclusion," but official statements using the concept frequently shift between them, sometimes even in the same speech. This may account for the currency of the term in political rhetoric. By eliding these discourses, politicians and political parties can mobilize constituencies with quite different perspectives, bringing those who favour better redistribution over to support a moral agenda, or vice versa. I will argue in Chapter 5 that something like this happened in Ontario between 1986 and 1995.

3.2.2 Individualization

Individualization is closely associated with activation. With this lens, we see active, self-governing individuals taking increased responsibility for their own conditions: health, housing, employment, income, and general well-being. As with the other themes, individualization has many appealing features. It portrays people who make choices based on their own judgment, rather than having choices made for them, people who pay their own way, who are not dependent, and who govern themselves according to internalized norms: staying in school, practicing a healthy lifestyle, having a good work ethic, and so on. Responsibility and independence are key words in this discourse.

There are various ways to interpret individualization; it could find a place in each of the three types of discourse discussed by Levitas. Second-wave feminism, for example, provides an example of individualization within a redistributionist discourse. Feminist theorists and activists have promoted the autonomy of women as individuals by opposing conservative, pro-family ideology that views women primarily as caregivers within the family. A politics of “defamilization” aims to provide women with welfare-state benefits in their own right, as individuals, and not only in roles as mothers and wives. This is not an argument simply for equal treatment, since women’s conditions are not equal; it is an argument for redistributionist policies that promote the autonomy of women in the family and in the society, thereby promoting parity of participation as defined in Chapter 2. For example, this kind of argument underpins feminist opposition to the “spouse-in-the-

house” rule that denies social assistance to a woman if a man is found to be sharing her residence.¹¹

Individualization is also a feature of social integrationist discourse. Here the emphasis is on overcoming “dependency” on the welfare state by getting a job. Dependency is equated with reliance on social assistance, and independence with employment. Fraser and Gordon (1997) have traced the many shifts in the meaning of “dependency” in English-speaking societies over time, noting how it is only in the past few decades that it has come to mean a pathological reliance on social assistance. As they point out, the potential harm of dependence on a spouse or an employer is completely obscured by this usage. A fully consistent concern for pathological dependency would aim to promote the autonomy of individuals not only in relation to the welfare state but also within the family, the society, and the labour market. This broader perspective on dependency would shift the usage into the redistributionist discourse.

It is a short slide from a social integrationist discourse of dependency to the moral underclass discourse, which attributes welfare dependency to moral failings and pathological cultural characteristics, especially irresponsible sexual behaviour resulting in single motherhood. Both the social integrationist discourse and the moral underclass

discourse stress the need to shift the locus of responsibility for personal well-being from the state to the individual. This serves as justification for the reduction of social security measures, the commodification of public services, and the magnification of social inequalities (Betcherman and Lowe 1997: 39). It also serves the ideological function of diverting attention from structural barriers to sustainable livelihood and places the onus of responsibility, and the attendant risks, upon individuals (Beck 1992: 100).

In the narrative account of federal policy in Chapter 4 the theme of individualization arises in the case of public policy regarding the funding of post-secondary education. Federal and provincial governments have shifted a substantial portion of their support for post-secondary education away from the direct funding of colleges and universities towards grants and loans to individual students. The aim is to put a significant share of post-secondary education onto a market basis, making it a commodity which individual student-consumers purchase as an investment in order to develop their human capital. This does not mean a simple reduction of state funding of post-secondary education. Rather, it involves a shift in the way funds are provided, at the same time transferring the risk entailed in undertaking post-secondary education and choice of a field of study to the

¹¹ For an extended discussion of this interpretation of individualization, see McKeen (2004)

individual. This approach to individualizing social policy could discourage those for whom the risk seems too great, and lead to an increase in social inequality.

Individual self-reliance has been identified as a core Canadian value (Peters 1995). From the perspective of a concern for progressive social policy, it need not be viewed as contradictory to the requirements of social justice. Rather, it demands careful consideration of the kind of social arrangements that are best for promoting the individual self-reliance of people in diverse circumstances.

3.2.3 Flexibilization

Like "activation" and "individualization", the term "flexibility" has positive connotations in English. It suggests suppleness, agility, and openness to change; it is the opposite of rigidity, stolidity, and intransigence. But this begs the question: flexibility of what, of whom, and for what purpose?

"Flexibilization" takes several forms. David Harvey (1990) coined the term "flexible accumulation" as a label for the broad set of new strategies adopted in the private sector to resolve the crisis of profitability that set in during the 1970s. It referred to a range of practices designed to overcome "rigidities" in methods of production, labour processes, and employment relationships. Flexible machinery, flexible labour processes, and flexible labour markets were widely seen as the path to a new era of economic growth. Storper

and Scott (1990) identify three strategies for flexibilizing the employment relationship: (i) *individualizing labour contracts*, thereby eliminating the rigidities of collective agreements, (ii) *internal flexibility*, achieved through labour process changes, and (iii) *external flexibility*, an ensemble of methods such as outsourcing, individualized labour contracts, relocation to low-wage regions and countries, part-time and temporary employment, on-call staffing, split shifts, and a generally reduced level of commitment to employees by employers.

Flexibilization varies in degree and in kind, both through time and across space (Peck 1996: 141). Each springs from different local conditions and has different social and economic effects. *Defensive flexibility* is associated with neoliberal strategies. In terms of public policy, it involves deregulation of the labour market and reduced support for the unemployed, resulting in increased individualization of labour contracts and increasingly precarious employment. Some refer to this as "feminization" of employment, since an increasing proportion of jobs resemble conditions in the traditional female job ghettos (see Armstrong 1996). *Offensive flexibility*, on the other hand, is associated with high wages, collective bargaining, job security, social protection, and a focus on increasing productivity through flexible labour processes; this approach is associated with the more "organized" labour markets of Germany and Scandinavia, and is sometimes referred to as "qualitative" flexibility. Each is associated with a broader economic strategy: defensive

flexibility with the "low road" of competitive austerity, and offensive flexibility with the "high road" of progressive competitiveness (Albo 1994).

Flexibilization is not new, of course. Peck (1996: 141) also points out forms of *classic flexibility*, including the use of part-time and seasonal labour as well as the mobilization of family labour on farms and in small businesses. These forms, which are frequently highly exploitative, are now marginal to the dominant forms of labour market organization in industrialized countries.

These are broad brush strokes. When we come to examine flexibilization in one local labour market, such as that of Ottawa, they serve as general guideposts. Here we may find different forms of flexibilization at work in different sectors. Moreover, different strategies may be applied to different sets of employees within the same sector or industry, or even within the same firm or organization. This works to the advantage of some workers and to the disadvantage of others.

In the private sector, for example in many of Ottawa's large and medium-sized technology firms, there is typically a core group of well-paid employees who may move to different tasks and functions as the situation demands. They have individual contracts that stipulate high salaries, frequently supplemented by stock options and flexible benefit plans. During the late 1990s, when the sector was expanding, large signing bonuses were

also common in this sector. The ability to move quickly from one assignment to another is the essence of *qualitative flexibility*.

However, a strategy of *quantitative flexibility* was practiced with their colleagues. Just beyond the core group (depending to some degree on the size of the firm) may be another relatively well-off group of professional or technical staff whose contracts are tied to the particular project on which they are working. They may have a horizon of three or four years, with the prospect of acquiring a contract on a new project at the end of that period. If they are laid off unexpectedly, they can expect a good severance package.

Beyond these islands of relatively secure and well-paid workers lies an archipelago of other categories: people hired on short-term or part-time contracts, employees of subcontracting firms, consultants and other own-account self-employed individuals, students on co-op placements, and workers on contract to temporary employment agencies. Until the peak of the high-tech boom in 2001, this latter group included several thousand manufacturing workers hired through Adecco, a temporary employment agency, to work for technology firms. Here, employment conditions were very different. The temporary employment agency collected a fee from the firm, typically around \$15 an hour, paid the employees \$10 an hour, and relieved the company of its responsibilities as an employer. When the two major technology firms involved in manufacturing halted production in

2001, eventually shifting it to other countries, these workers received no severance benefits at all, although they did at least qualify for Employment Insurance.

Permanent employees of the federal Public Service, Ottawa's largest employer once again since the massive layoffs in the technology sector after 2000, have the benefits of union membership, collective agreements, and highly organized internal labour markets that provide them with much greater protection than that experienced by workers in the technology sector, not to mention workers in Ottawa's traditional services, like retail sales, food and accommodation, and other personal services. Nevertheless, the long-standing myth of the secure government job was irrevocably shattered in the mid-1990s when over 20,000 federal public servants were laid off. Since that time, the federal government has increased its practice of external flexibility through several privatizations of government agencies, major increases in the use of consultants, outsourcing of work previously performed by permanent employees,¹² and the engagement of large numbers of part-time and temporary workers without rights to coverage under collective agreements.

¹² In March 2004, President of the Treasury Board Reg Alcock reported that the federal "Professional Services" budget had grown by 53% over the previous five years, to \$6.5 billion, and initiated a review of the practice.

In short, some kinds of flexibility can be advantageous for workers in some situations. Flexible labour processes may be more engaging, providing more interesting work and greater job satisfaction. External flexibility, in the form of part-time work, flexible hours, or opportunities to work beyond retirement age, can also be positive when it matches the needs and desires of the worker. In a labour market that is becoming more segmented and polarized, however, flexibilization means different things to different people. For core workers, it may mean more interesting work and greater autonomy, but for workers outside of this core it is more likely to mean job insecurity, low wages, and lack of union protection. Even for core workers, flexibilization may mean increased stress, longer working hours, and the disruption of personal and family life.

Given these issues, Peck (1996: 131ff) questions the reproducibility of flexibilized labour markets. From a purely practical perspective, the polarization it creates may not be sustainable. The high wage sector tends to drive up the cost of real estate, creating shortages of affordable housing for low-income households. This in turn may lead to intensified spatial segregation, generating further issues around transportation infrastructure. In this situation, labour supply problems may develop, putting upward pressure on wages and inducing firms to restructure their operations, moving low-wage activities to other regions or countries whenever possible.

There are also problems of skill formation in flexibilized labour markets. Employers may be willing to invest in training for their core work force, but have no motivation to contribute to the training of contingent workers. This may help to explain why most employer-based training in Canada goes to those who are already well trained and educated (Betcherman, Leckie and McMullen 1997).

There are several kinds of public policy measure that can contribute to labour-market flexibility. Reductions in unemployment insurance coverage and social assistance place pressure on workers to accept jobs that they might otherwise refuse. Reductions in the minimum wage, typically done in Canada by allowing its value to be eroded by inflation, give employers greater scope for price-based competition. Changes in laws governing collective bargaining and the respective rights of unions and management can tip the balance in favour of employers, giving them greater flexibility in human resource management practices. For workplaces where there is no collective agreement, changes in employment standards legislation regarding such things as hours of work and compensation for overtime can also provide employers with greater flexibility in managing their workplaces.

Social assistance policies are central to labour-market flexibilization. "Work-first" policies that emphasize acceptance of the first available job serve to promote defensive flexibility. Policies that emphasize skill development and that are or coordinated with

strategies for developing high value-added industries can promote offensive flexibility. The European Union is currently exploring the concept of “flexicurity,” a combination of social policies and labour laws that facilitates the flexibilization of labour markets while strengthening the income security of the population (Madsen 2002; van Oorschot 2004; Regalia 2006). Pioneered in the Netherlands and Denmark, flexicurity can take a variety of forms. For example, it might give employers greater quantitative flexibility and compensate for reduced job security by increasing active labour-market measures that enhance general security of access to alternative employment. Security can also be enhanced over the life cycle by guaranteeing adequate retirement income for all; this would serve to reduce the worker’s concern for security in a particular job. The concept is far from proven, however; among other things, it demands a sufficient level of taxation to provide the state with adequate fiscal capacity to underwrite the compensating security measures. The danger, as Freedman (2004: 299) warns, is that flexibilization will increase, especially for those traditionally located in the precarious segments of the labour market, while security remains nothing more than “a rhetorical gesture.”

Each public policy approach to flexibilization represents an example from the age of global competition of the ongoing search for ways to manage the tension between the law of value and the requirements of social reproduction. Each is conditioned to some extent by the policy legacy of the specific welfare state from which it has developed (Sarfaty and

Bonoli 2002). The challenge is to find solutions that increase parity of participation and sustainable livelihoods in ways that work politically in each context.

3.2.4 Devolution

The fourth theme refers to the redesign of welfare states through a process of rescaling, that is, through a reordering of roles and relationships among different spatial scales of the state. Over the past decade, there has been extensive academic work on what Bob Jessop (2002: 179) has called “the new political economy of scale”, a significant body of literature that contributes to the more general “reassertion of space in critical social theory” (Soja 1989).

Scale may be defined in various ways (see Brenner 2004: 9), but for our purposes John Agnew’s definition is a good place to start. He defines scale as “the level of geographical resolution at which a given phenomenon is thought of, acted on or studied.... [It is] the focal setting at which spatial boundaries are defined for a specific social claim, activity, or behavior” (Agnew 1997: 100). Terms such as “local”, “regional”, “national”, and “global” are typically used to signify particular spatial scales.

The thrust of much of the literature on the new political economy of scale has been to deprivilege the national scale as the focus of choice for social, political, and economic analysis. This trend in social theory, the “relativization of scale” (Brenner 2004: 43-7),

reflects a number of closely interrelated trends in social reality: increasing global economic integration, the new salience of cities and economic regions, and the development of supranational institutions such as the European Union, the North American Free Trade Agreement, and other regional trading organizations. In the realm of public policy, these trends have entailed a shift in state functions both upward to the supranational level, and downward to regional and local scales.

Closely related to rescaling is the process of "destatization," sometimes also referred to as the shift "from government to governance" (MacLeod and Goodwin 1999a, 1999b). This shift of functions outward extends state activities and decision-making to a range of arm's-length agencies, quasi-non-governmental organizations (QUANGOs), public-private partnerships, and similar structures that give authority over public resources to appointed representatives from the private sector and civil society.

Taken together, these shifts have taken the focus away from the nation state and given greater salience to other scales of analysis and action. Some have spoken of this as a "hollowing out" of the nation state (Jessop 1993), but this does not necessarily connote a loss of power. Rather, the metaphor is borrowed from the corporate sector, where the same phrase has been used to describe the trend toward outsourcing many of the tasks previously performed in-house while retaining overall control of the processes of production and distribution. Similarly, in the realm of public policy, rescaling should not

be seen as a simple transfer of functions, and certainly not of power. It is, rather, a reordering of roles and relationships among different scales of the state.

In the case study, we will be interested in the trend toward the downward devolution of social policy. We can view such downward shifts in various ways. They could be the result of rational decisions to allocate functions to the level of government best suited to develop policy and deliver services. The principle of subsidiarity, popularized in the European Union, holds that responsibility for state functions should be assigned to the lowest level possible. Devolution might also be justified in the interest of "disentanglement", ending inefficient and unnecessary overlap of functions among different levels of government. This was a theme in the reassignment of responsibilities between the province of Ontario and its municipalities during the 1990s. On the other hand, devolution could be the result of the downloading of a fiscal burden, or the complete abandonment of responsibility by a higher level of government, driven primarily by fiscal retrenchment. Some analysts claim that the downloading of responsibilities from Ontario's provincial government to the municipalities by the Harris government in the late 1990s was driven by an aim "to shrink the role of the state, both provincial and municipal" (Graham, Katherine A., Phillips and Maslove 1998: 182).

Peck (2002), writing specifically about labour-market and welfare policy, observes that the process of rescaling is not merely a shift of existing functions from one scale to

another but the qualitative transformation of a policy regime by means of the rescaling process. This transformation results from underlying social processes, typically contested, that both reflect and bring about changes in social relations. This observation leads back to a reconsideration of Agnew's definition of scale as "the level of geographical resolution at which a given phenomenon is thought of, acted on or studied." Rather than viewing scales separately, as Agnew's definition seems to suggest, it is more revealing to take the scalar configuration as a whole as the object of study and to examine the social processes that generate it, give it stability, and bring about its changes.

In the history of Canada and Ontario before the 1970s, social and labour-market policy rescaling was almost entirely a process of moving functions *into* the state and *up* scale, the opposite of trends since that time. The period from about 1880 to 1920 was one of rapid urban growth driven primarily by immigration. Several middle-class reform movements originated in this era to address problems of public health, housing, education, and crime that accompanied urban growth (Tindal and Tindal 2004: Chap. 2). The outcome was the expansion of the capacities and functions of municipal governments, notably in the areas of land use planning, transportation, electricity, water supply and sewage, fire and police services, building codes, and public health. As Tindal and Tindal note, much of this reform was driven by business interests concerned with developing property values and the tax base required to pay for expanded services, but with little interest in local democracy. Thus, the management of many of these functions

was placed beyond the reach of elected representatives in a variety of appointed boards and commissions.

When municipalities began defaulting on their debts during the Depression of the 1930s, the provincial governments of Canada stepped in not only to rescue them but to establish stronger control over municipal functions. By the mid-1930s, all provinces except Prince Edward Island had established provincial ministries to supervise and control municipal affairs, and most had also established appointed boards at the provincial level to oversee, and frequently to overrule, the decisions of elected municipal councils. For example, the Ontario Railway and Municipal Board, created in 1906 to deal primarily with railway issues, became the Ontario Municipal Board (OMB) in 1932. Over the decades since that time, the OMB has seen its authority to make rulings expand to a wide range of municipal issues, including land use, economic development, financial management, and public utilities (Chipman 2002).

This process of provincialization was intensified in the postwar period, as urban growth brought increasing demands for regulation and services. Provinces increased their funding for municipal operations, and at the same time increased the level of control over all aspects of municipal functioning and transferred some aspects of municipal activity directly to provincial ministries.

Upward rescaling was taken further up scale during the postwar construction of the welfare state. The federal government, exercising its spending power, entered several fields assigned to the provinces under the British North America Act, including health, education, and social welfare. For example, the Canada Assistance Plan (CAP) (to be discussed in more detail in the next chapter) and the Canada Health Act (CHA) provided for substantial financial contributions by the federal government with the condition that the provinces conform to the standards stipulated in federal legislation.

As this brief sketch indicates, each upward rescaling was much more than a simple transfer of pre-existing functions. Rescaling was integral to the qualitative transformation of public policy. The same may be said of current processes of rescaling. What we are witnessing is not a simple transfer of functions but a reorganization of scalar configurations. Regulatory processes, including those in which the state is involved, operate across scales (Peck 2002: 338). Public policy, therefore, should be seen as a multi-scalar process (Mahon et al. 2005). Scales are not a series of discrete levels to which different policy fields or regulatory functions are assigned; they are, rather, the interrelated components of a multi-scalar configuration. When we observe a process of rescaling, then, we need to examine the whole system and the underlying social processes reflected in the rescaling process.

It is especially important to emphasize that the downward transfer of functions does not necessarily entail the complete transfer of authority to the lower level of government. Rather, it may be an instance of transferring service delivery while maintaining control of policy, a practice recommended by Osborne and Gaebler (1992) as part of the toolkit of the New Public Management (Pal 2001). The view that, whenever possible, the state should "steer, not row", applies to both downward and outward shifts in function. It may lead to a situation in which one level of government, or a QUANGO, is simply being used as a service delivery mechanism by a higher level which maintains control both of funding and of the policy framework for the function.

Peck (2002: 338) describes such situations as examples of "extralocal rule regimes" that constrain the options and behaviour of the local actors. Extralocal rule regimes may be formalized in legislated public policy, or they may be the *de facto* product of the practices of powerful public or private actors. Peck gives as an example of the latter the practice of "whipsaw" bargaining used by multinational corporations when they negotiate the best deal for a new inward investment. The prevalence of this practice constrains the options of local actors across a range of policy fields, including tax policy, labour policy, land use, and so on; it is a *de facto* rule regime. In the public sector, extralocal rule regimes may be formal and explicit, set down in legislation, or they may be based in administrative rules or in less obvious constraints upon local action. Even deregulation, a

common form of rescaling in recent times, may in fact be a shift from one kind of rule regime to another.

For example, the Canada Assistance Plan and the Canada Health Act, products of the Keynesian welfare state, were designed as extralocal rule regimes to constrain the options of provincial governments in their respective policy fields. As we will see in Chapter 4, when the Canada Assistance Plan was dismantled in the mid-1990s, and the Unemployment Insurance system overhauled, a new extralocal rule regime took its place to govern welfare and labour-market policy across Canada. The process was not a simple transfer of functions along with the power and authority to perform them. It was a reconfiguration of the scalar hierarchy in which the federal government retained a good deal of power and effectively channelled provincial policy in its desired direction. The outcome was not policy homogeneity across the country, but diversity and experimentation within a coherent, neoliberal policy framework and with a set of fiscal constraints.

In this Canadian case, and in other cases of welfare and labour-market policy rescaling in other countries, devolution has played a central role in the transformation of the policy regime (Brenner 2004). Working from a regulation theoretic perspective, Peck (2002) views the transformation as a shift from one regulatory regime to another, from Keynesian “welfarism” to neoliberal “workfarism” in the United States, Canada, and the

United Kingdom. The logic of welfarism was one of income replacement, social security, poverty alleviation, and macroeconomic stabilization. In the Keynesian welfare state, even in federal states like Canada and the United States, the principle of social citizenship and the practices and programs that gave this principle expression were secured at the level of the national state. This arrangement suited the logic of the Keynesian welfare state, since the national government was best situated to carry out the redistribution function that was central to Keynesian welfare policies.

The logic of workfarism is quite different. It constitutes, in Peck's (2002) view, a completely new regulatory approach. It enacts the neoliberal version of activation, individualization, flexibilization, and devolution. It serves to naturalize defensive flexibility, to normalize precarious employment, and to undermine the capacity of workers to hold out for better prospects. As a discourse, workfarism tends to stigmatize social assistance recipients and, by focusing on the employability of clients, to locate the causes of unemployment and underemployment in the inadequacies of individuals rather than in the structure and volatility of the labour market. As a set of practices, it includes both "roll-back" and "roll-out" moments (Peck and Tickell 2002). The roll-backs include cuts in the scope and level of unemployment insurance coverage, cuts in social assistance benefits, cuts in programs to reduce regional disparities, the reduction of minimum wage levels by allowing them to decline with inflation, and the abandonment of national social service standards. As an ensemble, the destructive moment, or "roll-back neoliberalism",

has served to undermine, if not dismantle, the concept of social citizenship and its entitlements that had informed the Keynesian welfare state (Jenson and Phillips 1996). The “roll-out” moment of workfarism’s material practices focus on disciplinary work activation, with emphasis on the employability of clients and their movement into work by the shortest possible route. This approach requires close monitoring and supervision of clients.

The scalar aspect of workfarism is central to this logic. The new workfarist regulatory regimes have been marked by a large degree of devolution to regional and local scales. To some extent, this devolution is a practical necessity. The focus on employability demands close micromanagement of clients by front-line caseworkers. A simple welfarist income security scheme could be completely centralized, with eligibility determined through the income tax system and cheques mailed out from anywhere. A workfarist system requires implementation at the local scale; even provincial or state capitals are too far removed to be centres of implementation. Devolution also serves political and ideological functions. It shifts the focus away from the national scale, the scale associated with the politics of redistribution, and fragments opposition, weakening the role and impact of labour unions and other social movements.

Despite this new salience of the local scale in workfarist regimes, the strategy must be seen as multiscalar. The discourse of workfarism emanates from international “centers of

persuasion,” the “political and economic command centers, where experts swarm....” (Peet 2001). It is disseminated through expert communities — think tanks, international consulting companies, and evaluators — and channelled to the local scale by means of extralocal rule regimes. The local scale is the locus of implementation, as well as the scale of adaptation and experimentation. Neoliberal rhetoric may emphasize the important role of the local scale in policy innovation, but local program managers are tightly constrained by funding levels and formulas and by performance targets set by senior levels of government — in other words, by extralocal rule regimes.

Implementation of workfarist programs at the local level brings program managers and front-line workers into direct contact with the limitations of the approach. Workfare programs, defined narrowly, as well as more broadly defined workfarist programs, with their strategy of moving clients as quickly as possible into any available job, have a poor track record. If success is defined as finding sustainable solutions to problems of poverty and expanding the kind of social inclusion defined in Chapter 2 as “parity of participation,” workfarist methods are rarely successful. If success is defined more narrowly as the reduction of welfare rolls and levels of public expenditure on social assistance benefits, workfarist programs can sometimes claim success, but this criterion is certainly not progressive; in any case, the evidence suggests that even this kind of success is dependent upon general improvements in labour-market demand rather than workfarist program methods. The reasons for this are obvious. First, workfare does not address the

underlying problems on the demand side of the labour market: extensive precarious employment, uneven development and regional disparity, and volatile labour demand conditions. Second, despite its focus on supply-side issues, the workfarist approach does not contribute to the kind of skill development that would allow clients to escape the cycle of precarious employment and welfare. These criticisms of workfarism are well documented elsewhere (Shragge 1997; Theodore and Peck 1999; Workfare Watch Project 1999; Lødemel and Trickey 2001; Peck 2001, 2002)

Peck (2002) calls this the “implementation gap” and introduces a further useful concept to characterize the neoliberal response to it, the concept of “translocal fast-policy transfer”.¹³ Peck notes that workfarist policies have proliferated in Canada, the U.S., and the U.K. on the basis of particular local models, notably the Wisconsin Works program and the GAIN program in Riverside, California. These programs achieved some success in reducing welfare caseloads during the 1980s and became models for replication in other places. Peck makes a number of claims about this interlocal fast-policy transfer. First, Peck claims that the drivers of the policy transfer process are politicians who seek rapid and quantifiable results, typically in terms of declining welfare rolls. Second, the

¹³ Peck’s argument here relates to the growing body of policy transfer literature that studies the flow of policy ideas across jurisdictions (see Dolowitz and Marsh 2000). As Mahon, Andrew, and Johnson note (2005), this literature is grounded in the historical institutionalist approach and focuses almost entirely on the flow of policy ideas between

agents of the transfer process are policy advocates, many of them in policy think tanks or international consulting companies, as well as program evaluators. As program delivery becomes privatized in many jurisdictions, policy transfer is also increasingly the result of private firms marketing their methods to public authorities. Third, the media of transmission are how-to packages that extract policy lessons and “best practices” from specific local experiences such as Wisconsin or Riverside, California and transfer them to other localities as off-the-shelf solutions; hence Peck’s use of the term “fast-policy”. Thus, “complex and locally embedded interventions are rendered as simplified, disembodied, and reproducible administrative routines” (Peck 2002: 349). This results in programs that are poorly adapted to local conditions, not based upon any deep learning process about the specific conditions of the locality to which the policy solutions are being transferred. This is a recipe for policy failure, as Dolowitz has shown in his study of the transfer of workfare policies from the U.S. to the U.K. during the Thatcher years (Dolowitz 1998). Fourth, the predictable inadequacy of off-the-shelf policy solutions from other localities sets up an on-going process of “restless reform”, as stale fast-policy solutions are constantly replaced with new ones. This makes workfare a “moving target” (Peck 2001: 1) for analysts, and especially for its opponents.

nation states. Peck’s contribution here is to study policy transfer from the perspective of the political economy of scale and to note the interlocal dimension of fast-policy transfer.

3.3 Prospects for progressive local action in the welfare policy field

These claims lead Peck to a set of conclusions regarding forms of resistance by progressive opponents of workfarist policy (2002: 352ff). He observes that resistance has been rescaled along with the policy regime, and has lost a great deal of its effectiveness by being isolated at the local scale. Local anti-workfare forces, he claims, show few signs of “jumping scale” to tackle the regime at higher levels, where “scale managers” control the extralocal rule regimes of workfare. Despite some interlocal cooperation, for example between Toronto and New York City, resistance is weakly developed and has little or no capacity to bring about transformative change. To be effective, he argues, opponents must bring strategic, counterhegemonic challenges to the extralocal rule regimes at higher scales than the local. He recognizes that local resistance could serve as the base for action at higher scales, and that explicitly nonworkfarist local initiatives could be one form of antiworkfarist politics, but he is not optimistic about resistance at the local scale without political work at the higher scales.

Peck’s view of the limited possibilities for progressive agency at the local scale is widely shared. Erik Swyngedouw notes the trend towards moving various forms of regulation, including labour-market regulation, to the local scale, and he argues that progressive forces generally demand regulation at higher scales of the state in order to prevent interlocal competition that tends to lower standards. Those who can “jump scales” to tackle an issue at a higher scale have an important advantage over those who are “trapped

in the confines of their local, community space” (Swyngedouw 1997: 157). Jane Jenson and Susan Phillips (1996) make a similar point with respect to the transfer of policy choices and service delivery roles from federal to provincial to local governments in Canada. They view this trend as part of a broader “regime shift” that is changing the relationship between the state and society, devolving responsibility for social services and social-risk abatement to local governments and voluntary organizations. Not only is the fiscal capacity of municipal governments and local agencies inadequate to meet the need, they argue, but local communities are themselves becoming more polarized along class lines, and spatially segregated within urban areas. This, they argue, diminishes the prospects for the social solidarity within communities that is necessary to undertake progressive projects. Roger Keil sums up this analysis with the observation that much of the “dirty work” of globalization and neoliberalization is being assigned to cities (Keil 2002: 586).

Without denying the negative consequences of current trends in state rescaling, however, it is also appropriate to ask what, if any, new political opportunities they create for progressive agency. Several authors writing on the politics of scale have observed that there are advantages to local political action in a variety of fields, even in the age of globalization. Once again, context is critically important, and multiscale strategies that blend local action with extralocal networking seem to be effective in a variety of settings. This seems to be particularly true in cases of resistance to oppressive policies or tactics of

national states or powerful non-state actors organized at higher scales: for example, successful resistance to forced removals of black communities under the apartheid regime in South Africa (Cox 1998); resistance by the peace movement to the build-up of the defense industry in Massachusetts during the 1980s; in this case, the resistance was not successful, but the author suggests that it could have been with greater attention to the possibilities for taking advantage of the local scale (Miller 1997); and labour action by a United Auto Workers local in Flint, Michigan, as an effective response to labour process changes being imposed by General Motors, a multinational corporation (Herod 2001b). In the latter case, the local scale proved to be critical to the corporation's North American supply chain, and the union local was able to reverse the usual scalar power imbalance. *Proactive* progressive measures (as distinct from resistance) may be more difficult to develop and sustain in the face of contrary policies imposed through extralocal rule regimes, but we should not dismiss the advantages of the local scale on this front either. As Dominique Masson (2006) has argued in her account of feminist organizing within Quebec's new regional economic development structures, there is no optimal scale for progressive mobilization, and multiscale strategies may be the most effective. Rescaling, such as that involved in the creation of Quebec's administrative regions, changes the political opportunity structure in complex ways, foreclosing some options while creating new ones. In this, as in any other set of conditions-not-of-one's-own-choosing, strategy evolves in relation to the political openings available, the perceptions of the social

movement, the resources available, and the issues of the day. Masson observes that, in this case, women organizing within the new administrative regions redefined women's interests in ways that simultaneously resisted, accommodated, and bypassed the neoliberal orientation of Quebec's regional development policy. She concludes that this paradoxical combination of contestation and accommodation may have been the necessary condition for effective action on women's interests under the circumstances.

This flexibility, in Warren Magnusson's (1996) view, is the distinctive strength of critical social movements. His views on the potential for progressive political action at the local scale are in accord with Masson's conclusions. Magnusson argues that the municipality is an especially significant space for political action. It is here, at the local level, that critical social movements arise from everyday life, meet, find common ground, and develop joint projects. Yet it is also the very inadequacy of municipal government that "can lead immediate, local, popular politics beyond itself, just as the limitations of particular Indian reserves and band councils have led aboriginal groups onto the national and international stage" (Ibid.: 104). The advantage of the municipality, Magnusson argues, is *not* its sovereign authority over its territory, quite the contrary. The real promise of a municipality, from the point of view of progressive politics, is "as an organizational node in the flow of critical and creative social movements. It is to *their* constitution that it must contribute" (Ibid.: 114-5).

Magnusson's account of the potential for progressive municipal activism draws on examples dispersed in time and space, from "Red Vienna" during the interwar years, 1919 to 1934, to the Greater London Council led by Ken Livingstone, to the New Left administrations of several American cities, notably Berkeley, California, and Burlington, Vermont, in the 1970s and 1980s, to progressive administrations in Vancouver, Toronto, and Montreal. To be effective, he concludes, progressive action by municipalities has to be linked to the work of a wide range of voluntary organizations. Magnusson is careful not to equate critical social movements with their social movement organizations, but he claims that a municipal government aiming to achieve progressive aims needs these organizations to be successful. Municipalities can strengthen social movement organizations by giving them legitimacy and material support, and they can provide the venues to bring together people who have been working on issues from different perspectives:

Out of the local networking and even more out of the local action that becomes feasible when the resources of a municipal government are available, comes the sort of mutually supportive activity that breaks down the barriers between people and enables them to discover common concerns and joint remedies.... An initiative on nontraditional employment for women [for example] can open up questions about authority relations in the workplace, the mechanisms of capitalist planning, and the prospects of converting the economy to entirely peaceful production (1996: 117-18).

This coming together can serve to open up what Magnusson calls “sealed identities” – over identification with a particular social movement to the exclusion of others. For a long time, this was a feature of socialism, and it is still a hazard in all social movements. In other words, Magnusson argues that the municipality can be an important venue for moving through the stages of progressive political action described in Chapter 2, that is, beyond struggles of specificity to struggles of connection and struggles of imagination. Progressive municipal councils, and even councils that have “a substantial progressive minority” (Ibid.: 190), can play a significant role in supporting the learning required by critical social movements to develop through these stages.

This perspective does not contradict Peck’s argument that opponents of workfarism must bring strategic, counterhegemonic challenges to the extralocal rule regimes at higher scales than the local, but it shifts the emphasis. It serves to remind us that, if public social policy is a multiscalar process, we should not overlook the potential for the critical, progressive role to be played in this process at the local scale by a municipal government.

3.4 Conclusion

This chapter has provided an overview of the role of public policy in labour-market regulation, of which welfare policy is a key component. It began with an overview at the level of abstract theory — the role of the state in regulating labour markets in a capitalist society — and the regulatory dilemmas generated by the tension between the capitalist

law of value and the demands of social reproduction. It then moved to a discussion of four themes that emerge from recent trends in welfare and labour-market policy, each representing an aspect of present efforts to address these regulatory dilemmas: activation, individualization, flexibilization, and devolution. In each case, we observed both regressive and progressive potential.

At this point in the argument, we have established that social policy is a multiscalar process. This means that progressive local forces cannot expect a municipal government to achieve by itself the policy goals of parity of participation and sustainable livelihoods for all of its citizens. It does mean, however, that the municipal government itself has a critical role to play in this multiscalar process, even, and perhaps especially, when the dominant policy trends at other scales of the state are moving in the opposite direction. A municipal government can provide direct support to effective progressive organizations involved in these efforts. It may also, in the current context, develop progressive alternatives to workfarist programs that demonstrate their viability and preferability to the dominant practices. A municipal government can assist progressive community-based organizations to go beyond struggles of specificity to struggles of connection and struggles of imagination. In its own community, it can provide a venue and material support for connections across the sectors of progressive organizations in order to strengthen a broad, counterhegemonic movement. It can also support interlocal networking as well as policy advocacy at other scales to challenge the extralocal rule

regimes that serve as barriers to progressive practice at the local scale. It can provide learning opportunities for the progressive forces in its community, supporting the process of re-imagining the goals and strategies of the struggles in which they are engaged. Even a progressive minority on a city council, in alliance with effective community-based local forces, can do a great deal of the above.

This discussion leads us into the case study, which begins in Chapter 4 with an overview of Canadian federal welfare and labour-market policy, conceived here as an outer ring of the extralocal rule regime governing welfare policy in the City of Ottawa. In Chapter 5 we will move to the provincial scale, where the account will focus more directly upon welfare reform, then turn to the local scale in Chapters 6 and 7.

Chapter Four: Federal labour-market and welfare policy

4.0 Introduction

The purpose of this chapter is to provide a brief overview of Canadian federal labour-market and welfare policy trends since the 1960s. Taking the view that policy is a multi-scalar process, this chapter describes the formation of the extralocal rule regime at the national scale that serves to constrain and channel welfare and labour-market policy at the provincial and local scales. The chapter also notes that, by the 1990s, federal policy was increasingly influenced by influential multilateral organizations, particularly the International Monetary Fund and the Organisation for Economic Co-operation and Development. The policy trends go through distinct shifts, from Keynesian to post-Keynesian, neocorporatist, and neoliberal. In recent years, federal policy has moved on to a “social investment” focus. The four policy trends noted in the previous chapter – activation, individualization, flexibilization, and devolution – will serve as touchstones for the account here.

4.1 The trend to activation

For Canada's federal government, the meaning of activation has evolved through time.¹⁴

Active labour-market policy emerged as a policy trend in Canada in the mid-1960s. In the previous two decades, governments had relied primarily on Keynesian macroeconomic tools, including unemployment benefits, to sustain demand and stabilize employment levels. Unemployment insurance (UI) had come into existence in 1940, in the wake of the Great Depression, following an amendment to the British North America Act assigning responsibility for UI to the federal government. UI was designed as a contributory insurance scheme; premiums were to be paid by employers and employees, and benefits paid only to those who met the conditions of eligibility, including a minimum number of weeks of employment and premium payments. The administration of the UI fund was kept separate from the government's general revenues, the Consolidated Revenue Fund; before the 1980s, the program was entirely one of passive income support.

When necessary, as during the recession of 1957-58, the government did increase spending on public works to provide temporary employment, but this was considered an ad hoc measure. In the 1960s and 1970s, however, successive Liberal governments began

¹⁴ McBride's (1998) periodization of federal labour-market policy has four phases: Keynesianism, post-Keynesianism, neo-corporatism, and deregulation. My account here follows his outline but, as explained below, I suggest that the term "neoliberalism" is more accurate than "deregulation," and that the "social investment" phase should be seen as a distinct new period.

to distinguish between cyclical and structural unemployment, recognizing that the latter might require more active state intervention. McBride (1998) describes this as a shift from a Keynesian to a post-Keynesian policy orientation; the latter focused on the problem of structural unemployment, while the former addressed unemployment as a deficiency of demand that could be addressed through fiscal stimulus. The main new departure in the 1960s was support for labour market training programs, funded by the federal government and implemented by provincial training institutions, particularly community colleges. The federal government also created the Department of Manpower and Immigration in 1966 to provide leadership in this policy field.

Active labour-market measures were also a component of the Canada Assistance Plan (CAP), which came into existence in 1966.¹⁵ The CAP, which lasted until 1996, is remembered primarily as a key piece of progressive social policy brought in by the Liberal government of Lester Pearson (1963-68). It provided for open-ended federal transfers to the provinces to cover 50 per cent of their social assistance expenses. In accepting these federal funds, provinces agreed to provide financial assistance to all

¹⁵ The Canada Assistance Plan Act was published by the federal Department of Health and Welfare in 1973. It is no longer available on Government of Canada Web sites, but can be found at http://www.canadiansocialresearch.net/cap_statute.htm . For detailed accounts of the CAP, see Moscovitch (1990; 1996).

persons in need, regardless of the cause. Previously, various programs of social assistance applied to different categories of people, especially single mothers, people with disabilities, and unemployed “employables”. Provinces agreed to phase out such programs, to provide assistance to all persons in need, and not to require a period of residence prior to qualifying for assistance. Making need the only criterion for assistance precluded workfare arrangements that would require recipients to work for their benefits. However, Part III of the Act provided for 50 per cent federal funding of provincial “work activity projects” to “prepare for entry or return to employment persons in need or likely to become persons in need who, because of environmental, personal or family reasons, have unusual difficulty in obtaining or holding employment or in improving, through participation in technical or vocational training programs or rehabilitation programs, their ability to obtain or hold employment.” This was a broad definition of eligible programs. Participation was to be voluntary; no one could be denied social assistance for refusing to participate in a work activity project. All federal funds for both welfare benefits and work activity projects were to come from the Consolidated Revenue Fund.

In the 1970s, the period of "stagflation" coincided with the arrival in the labour market of the crest of the baby boom generation. Not only was this a large demographic bulge in the population but, for the first time, large numbers of young women were seeking permanent careers. The working-age population expanded rapidly and the participation rate in the labour market increased substantially at the same time as new employment

opportunities were declining. At first, the Liberal government of Pierre Trudeau responded to these challenges by enriching the scope and level of Unemployment Insurance benefits and by initiating a range of job creation programs. Roy and Wong (1998) describe the 1970s as "the golden age of direct job creation" in Canada.¹⁶

During the 1980s the emphasis shifted away from direct job creation. Two reports commissioned during the last Trudeau administration recommended more limited and judicious use of direct job creation. The Dodge Report¹⁷ argued that job creation could be useful as a short-term response to cyclical downturns in the economy, but that it was inappropriate as a method of dealing with chronic unemployment in underdeveloped regions and with disadvantaged groups, since it simply recycled unemployed people without solving the underlying problems. For regions and groups experiencing long-term problems with employment, the report recommended a community economic

¹⁶ Some of the notable job creation programs of this period were the Local Initiatives Program (LIP), Opportunities For Youth (OFY), the Local Employment Assistance Program (LEAP), the Community Employment Strategy (CES), Canada Works (CW), Young Canada Works (YCW), the Summer Job Corps (SJC), the Co-operative Education Program (COOP), and the Employment Tax Credit Program (ETCP).

¹⁷ The Report of the Task Force on Labour Market Development (Canada. Task Force on Labour Market Development. 1981), named for Task Force Chairman David Dodge.

development approach. The Allmand Report¹⁸ was not as critical of job creation but it argued for much greater emphasis on employment-related training.

In retrospect, it has been the Dodge Report that has had the greatest long-term impact on federal policy. It provides a rationale for the individualization of responsibility and risk in the labour market. With respect to training and education, the Dodge Report anticipated strong growth in demand for more skilled workers, especially in business services and goods production. However, it acknowledged that there were "great uncertainties about precise requirements during the decade" (Canada. Task Force on Labour Market Development. 1981: 205). It also found that the training and education system in Canada could meet projected needs with fewer public resources, provided there was "greater financial involvement of the private sector (both trainees and employers)" (*Ibid.*) The report therefore recommended making post-secondary institutions more reliant on "student fees, industry grants and research grants" in order to provide better incentives to offer courses that met labour market requirements. The student aid program, the report said, should be "enlarged and revamped," and "geared to providing incentives and removing disincentives to enter high demand disciplines" (*Ibid.*, p. 206).

¹⁸ Work for Tomorrow: Employment Opportunities in the 1980s (Canada. Parliament. House of Commons. Special Committee on Employment Opportunities For the 1980'. 1980), named for its Chairman Warren Allmand.

In other words, since state agencies could not adequately predict the precise requirements of the labour market in the 1980s, decisions about education and training should be left to "the private sector," that is, to students and employers, who should also pay a greater share of the costs.

Since that time, there has been little change in the share of spending by employers on education and training, but there is a clear record of rapid increases in tuition fees paid by students, in the provision of student loans by the federal and provincial governments, and in the growth of student indebtedness.¹⁹

Brian Mulroney's Progressive Conservatives came to power in 1984, in the wake of a severe recession, with a platform of "jobs, jobs, jobs." To a great extent, the new government's Canadian Jobs Strategy was a repackaging of policies and programs from the previous regime (Prince and Rice 1989; Daenzer 1990), updated on the basis of the Dodge Report recommendations. There were, however, important shifts in emphasis: more attention to the needs of employers for high-level skills in demand, and less to the

¹⁹ Statistics Canada's National Graduates Survey for the class of 2000 reported that the percentage of students who took out government loans to complete postsecondary education remained relatively stable between 1990 and 2000, at a little over 40 per cent. However, the level of debt carried by Class of 2000 university graduates who took out government loans had increased by 30 per cent over 1995 levels and 76 per cent over 1990 levels (in 2000 constant dollars) (Allen and Vaillancourt 2004: 16-17). At around the same time, Statistics Canada's Youth in Transition Survey found that over 70 per cent of high school graduates who did not continue to postsecondary education cited financial barriers as a primary obstacle (Bowly, Jeffrey W. and McMullen 2002: 59-60).

needs of workers with low levels of skill. The Canadian Jobs Strategy also opened up the training market, channelling more funds to private training colleges and less to community colleges. Despite its rhetoric, however, the Canadian Jobs Strategy devoted fewer resources to labour market programs. It cut back sharply on job creation programs, spent less on training, and began the privatization of training. This was the beginning of a strong supply-side emphasis in Canadian labour-market policy. The assumption from this time was that it was the role of the private sector to provide the demand for labour; the role of the state was to invest in the development of human capital. In practice, however, even that supply-side investment declined.

The federal government reviewed the Canada Assistance Plan several times during the 1970s and 1980s, but made no significant changes to it. Moscovitch notes that several key issues were debated before passage of the Act in 1966 and in numerous reviews and reports in the decades that followed, but these remained unresolved. He lists them succinctly:

These issues include the level of social assistance in relation to poverty (adequacy) and in relation to the income to be derived from work at minimum wages (less eligibility), the amounts of income and assets that applicants for assistance should be limited to, the standardization of assistance levels across the country, the testing procedure for determining eligibility for assistance, the separation of the payment of assistance from counselling and other social services, access to social services by the wider population, the right to assistance and to appeal from discretion, the elimination of distinctions between employable and unemployable in the determination of assistance, and the elimination of the stigma attached to welfare and the distinction between the deserving and the undeserving associated with welfare (Moscovitch 1990: 273).

These issues emerged in Ontario's attempts to reform its welfare system in the 1980s and 1990s; I will discuss them in more detail in the next chapter. Citing extensive literature on the topic, Moscovitch attributes the failure to resolve these issues during the 1970s and 1980s to the inability of the federal and provincial governments to agree on reforms, and then on "economic decline and the accompanying ideology of restraint" (Ibid.). These factors would lead to the demise of CAP in the 1990s.

4.2 The period of corporatist experimentation

During the later years of the Mulroney period, the government initiated a number of corporatist experiments. The debates over the Canada-U.S. Free Trade Agreement (FTA) had brought forth a new paradigm for labour market policy, that of "progressive competitiveness" (Albo 1994; McBride 1998). In the new era of global competition, the

theory went, the skills of the workforce provided each country with its main competitive advantage.²⁰ It was therefore in the interests of both capital and labour to cooperate in ensuring a high level of skills in the workforce in order to achieve higher productivity, income, and quality of life. This perspective gained urgency after 1988 with the ratification of the FTA, which was expected to cause dislocation in several of the less competitive sectors of the Canadian economy. After the hard-fought 1988 election, in which a majority of voters cast their ballots for parties opposing the FTA, the Mulroney Government appointed an advisory council to recommend methods of assisting workers who would be displaced from their jobs by the FTA. The report of the Advisory Council on Adjustment, Adjusting to Win (1989) recognized that it would not be appropriate to attempt to distinguish between workers dislocated by the FTA and those whose jobs were lost for other reasons. It placed its greatest emphasis on education and retraining as the core of a Canadian strategy for responding to the challenges of globalization and rapid technological change, and recommended that "government actively seek private sector input in the design, implementation, delivery, and monitoring of labour market measures" (Ibid. p. xxxvi). In response, the government came forward with a new Labour Force Development Strategy (LFDS) in April 1989 (Canada. Employment and Immigration Canada 1989) which endorsed the view that high skills and technological innovation were

²⁰ See Robert Reich's The Work of Nations (1991) for a popular statement of this position.

the keys to a successful economic strategy. The government then set in motion a series of consultations that resulted in the creation of the Canadian Labour Force Development Board (CLFDB) in January 1991 in order to bring together representatives of business, labour, the training and education sector, and the four Charter-based equity groups, to advise on the expenditure of federal funds for labour force development. The federal government also encouraged the creation of parallel labour force development boards at the provincial and local levels across the country.

The federal government also established a number of sector councils during this period to facilitate cooperation between business and labour on training and adjustment issues. The prototype was the Canadian Steel and Employment Congress which had, with federal funding, facilitated a major restructuring of the steel industry. More than twenty sector councils were created, in everything from the automotive, aerospace, tourism, and software industries to horticulture and aquaculture.

These institutions are generally referred to as corporatist in the academic literature that discusses this phase in the history of Canadian labour market policy (see, for example, Mahon 1990; Sharpe and Haddow 1997; McBride 1998; Klassen 2000; Lazar and Stoyko 2001). However, this was not, nor was it intended to be, the kind of tripartism or corporatism practiced in several European countries in which peak organizations representing business and labour work out broad economic policy with government in

order to ensure full employment with stable price levels.²¹ In Canada, both business and labour are too fragmented for this even to be considered possible. The CLFDB and the sector councils were a more limited experiment in corporatism by which the federal government proposed to share with relevant representatives from business, labour, and civil society the governance of active labour market measures, particularly training.

The CLFDB experiment was not a success. Sharpe and Haddow (1997) attribute its failure to a lack of commitment by government, both politicians and bureaucrats, and by a matching lack of enthusiasm by the other partners, especially business. An underlying structural problem was the Westminster model of ministerial responsibility, which was a barrier to giving the CLFDB full authority over public funds. Unlike the Ontario and Quebec boards, the CLFDB was never given more than an advisory mandate, although there were suggestions that it might take on a stronger decision-making role once it was well established. The one allocation for which it seemed to have a more than merely advisory role was controversial; the government had passed legislation allowing use of up to 15 per cent of the Unemployment Insurance fund for active labour market measures, and it had tightened up UI eligibility requirements in order to reallocate funds from passive income support to these active measures. Initially, the CLFDB was given a

²¹ For a detailed discussion of European corporatism see Panitch (1986).

mandate to decide on "the level and nature of training and other programming assistance provided to the unemployed" from this source (Haddow and Sharpe 1997: 6). However, the new Liberal government that came to office in 1993 took away even this limited role from the CLFDB and reduced its operating budget to a bare minimum for existence. The board died quietly in 1999.

The sector councils have been more successful, to a great extent because they are more directly useful to employers and workers in the sectors for which they have been created (Gunderson and Sharpe 1998). The federal government provides funding through these councils for training programs, research, and other human resource-related activities, organized on a sectoral basis. This serves to overcome the problem of "poaching" whereby "free riders" may take advantage of the investment in human resource development by individuals firms. The structure also gives workers, through their union representatives, a voice in determining the nature of the training. There are tensions between the interest of employers in training that adds immediately to productivity and competitiveness, on the one hand, and the interest of workers in acquiring skills that enhance their degree of control in the workplace and contribute to their long-term career aspirations, on the other, but in general the sector council structure appears to be favoured by organized labour (Wolfe and Martin 1998).

Few would disagree that improving productive skills is in the interests of both workers and employers, but reliance on training as a panacea has serious shortcomings. Mahon (1990), in an early commentary on the Mulroney government's Labour Force Development Strategy, criticized the assumption made in both Adjusting to Win and Success in the Works that all workers would need higher levels of skill in the labour market of the future. This assumption ignored the increasing polarization of the Canadian labour market through the 1980s into good and bad jobs, a phenomenon confirmed by the Economic Council of Canada (1990). In this context, an emphasis on training in advanced productive skills could contribute to further polarization and social inequity if it was not accompanied by attention to updating employment standards legislation and to providing support to workers not covered by collective agreements to upgrade their skills and adapt to changing labour market demand. A viable economic policy, she argued, also needed to give attention to the demand side of the labour market by developing an industrial strategy to diffuse high value-added production throughout the economy, both in goods production and in the service sector. She advocated public investment in a strong, high-skill, high value-added, non-market social service sector for such social needs as child care, home care for the elderly, literacy education, environmental reclamation, and low-cost housing, as a strategy for economic growth and diversification. In short, active labour market measures could, at best, serve as only one component of a broader strategy if the aim was to avoid social polarization.

4.3 The neoliberal turn

During the 1990s, however, the federal government became increasingly concerned about its fiscal problems. The Mexican currency crisis of December 1994 and the earlier debt crisis in New Zealand received much publicity in the Canadian media and drew attention to Canada's exposure to world financial markets. The liberalization of global financial flows had made the country vulnerable to macroeconomic instability. In the 1993 federal election, the Liberal party came to power on a platform with two key priorities, deficit reduction and job creation.

The recession of the early 1990s was especially severe in Canada, and it was followed by a long period of "jobless recovery"; that is, the economy began to grow again by 1992, but unemployment levels remained high. This was a phenomenon in many other OECD countries as well. The OECD Jobs Study (1994a; 1994b) responded with a set of policy prescriptions that were warmly embraced by the Canadian government: reduce government debt in order to control inflation; expand and enhance active labour market measures, especially supply-side measures such as training programs; give employers greater flexibility in hiring and laying off workers; and cut back on passive income support to the unemployed. The OECD Jobs Study recommendations are a coherent statement of a neoliberal agenda applied to social and labour market policy. The study advocates measures to expand high-wage employment, but it also recognizes that this will not reduce unemployment sufficiently. It therefore calls for greater flexibility for

employers in order to allow low-wage employment to expand at the same time. The role of the state is twofold: create the macroeconomic conditions that will encourage new investment, and focus efforts on delivering workers to the labour market with skills and motivation suitable to meet the demand.

Over the next two years, the new Liberal government enacted much of this agenda. The period of the first Chrétien government, from 1993 to 1997, can be seen as one of transition from the corporatist experiments of the late Mulroney period to a new era of neoliberal labour market policy. The 1995 federal budget is the watershed event in this transition. In his budget speech, Finance Minister Paul Martin (1995) vowed to eliminate the federal deficit "come hell or high water." Doing this required a massive reduction in federal spending, something the federal government achieved in large part through reductions in transfers to the provinces for health, education, and social assistance.

Of particular note here, the federal government unilaterally terminated the Canada Assistance Plan at this time. (As I will describe in the next chapter, the Mulroney government had already placed "a cap on CAP" by limiting the increases to the three "have" provinces, Ontario, Alberta, and B.C.) In the same speech, Martin also announced the termination of the Established Programs Financing arrangement through which the federal government channelled funds to the provinces for health care and post-secondary education. All of these transfers were rolled into the Canada Health and Social Transfer

(CHST) and reduced in steps from \$17.3 billion in 1994-95 to \$16.4 billion in 1995-96 and \$12.9 billion in 1996-97, a reduction of more than 25 per cent by the second year (Martin 1995: 33).

These moves received wide public support as an exercise in necessary belt-tightening. However, there was nothing haphazard about these cuts; they followed a clear neoliberal agenda. Cuts in funds for social assistance were cuts in passive income support, one of the key recommendations of the OECD Jobs Study. Cuts in transfers for post-secondary education reinforced the shift of responsibility for human capital investment from the state to individuals and their families. With these cuts came a large measure of deregulation. Previously, funds from the Canada Assistance Plan prevented provinces from placing any conditions on income support for anyone in need. This condition was lifted under the CHST, permitting provinces to initiate compulsory workfare arrangements, a practice adopted soon after by Ontario (see Chapter 5). Cuts in the transfers for post-secondary education made it necessary for provinces to begin lifting restrictions on tuition fee levels; this soon led to galloping increases in the cost of a university education in most provinces.

In 1996, the federal government introduced the Employment Insurance Act. This did several things. First, it continued a trend that had begun in the 1970s toward reducing the scope of coverage and the level of benefits to unemployed people. In 1989, more than 80

per cent of unemployed people had received unemployment insurance benefits. By 1997, one year after passage of the EI Act, this ratio had almost been cut in half; only 42 per cent of unemployed people received benefits.²² This ratio has remained in the same range to the present.²³ Benefits from Employment Insurance declined from 66.6 per cent of insurable earnings to 55 percent, to a current maximum of \$413 per week. Repeat claimants may receive only 52 per cent of insurable earnings.

These reductions in the scope and level of unemployment insurance were not due to financial constraints. After 1996, the surplus in the Employment Insurance fund grew steadily and by 2002 was approximately \$50 billion (Lazar 2002: 56). In this light, the reductions appear as a deliberate policy designed to restrict passive income replacement and to encourage the acceptance of work or participation in active labour market programs. They responded precisely to the recommendations of the OECD Jobs Study on the reform of unemployment insurance systems. At the same time, they helped the federal government to eliminate its fiscal deficit, since the surplus in the EI Fund was included in the government's accounts. It is worth noting that the International Monetary Fund made

²² (Statistics Canada 1998)

²³ In 2003, an average of 44.4% of unemployed people received EI benefits. See Statistics Canada, The Daily, June 22, 2004.

this exact recommendation to the Government of Canada in 1995. Writing to then-Finance Minister Paul Martin, IMF Managing Director Michel Camdessus said:

Reforms are needed in the unemployment insurance system so that it provides short-term basic income support without discouraging job search. This would help reduce the structural rate of unemployment in Canada, which is high by international standards. While such changes would not provide a permanent improvement in the fiscal situation, they could be used to build up a higher surplus in the short term, while other fiscal adjustment measures are phased in.²⁴

Part II of the Employment Insurance Act provides for the use of EI funds for a variety of active labour market measures, and for the devolution of these programs to the provinces. Since 1996, every province and territory has concluded a Labour Market Development Agreement (LMDA) with the federal government. The federal government currently spends approximately \$2.2 billion each year from the EI Account on active labour market measures. At the same time, the federal government has cut back sharply on spending from the Consolidated Revenue Fund (CRF), its general source of revenue, which until 1995 had been a major source of funds for labour market programs. As a consequence, almost all federal support for labour market programs is now limited to people who are

²⁴ Letter of Michel Camdessus, Managing Director of the IMF, to Finance Minister Paul Martin, May 18, 1995. Acquired by the Halifax Initiative, a consortium of Canadian NGOs, under the Access to Information Act (http://www.halifaxinitiative.org/index.php/Issues_Cond_SAPs/aen449f049ff0f20). Accessed June 8, 2007).

eligible for EI benefits.²⁵ This has the effect of excluding those who are already the most vulnerable members of the labour force: new entrants, including recent immigrants, people who have been self-employed or otherwise uninsurable, people who have been absent from the labour market, notably women who have withdrawn from the labour market to raise their children, and people who have been unemployed for more than three years.

The LMDAs stipulate a set of three crude performance measures that each province must report on annually: the number of clients served, the number who return to work, and the savings to the EI Account. There is nothing in these criteria about using EI funds to support investment in human capital, not to mention social inclusion. Rather, the objective is to move people who are eligible for passive income support into the labour market as efficiently as possible.

When we examine the measures of the mid-1990s period as an ensemble – the provisions of the 1995 budget, the Employment Insurance Act of 1996, and the subsequent Labour Market Development Agreements – they emerge as a remarkably coherent package. The federal government consistently reduced its levels of support for passive income maintenance, both social assistance and unemployment insurance, while increasing its

²⁵ The exceptions are relatively small expenditures from the CRF for youth, Aboriginals, and people with disabilities.

emphasis on active labour market measures. Provinces were forced to cut back on social spending but were offered greater flexibility in their use of the federal funds transferred for social programs – since restructured as two programs, the Canada Social Transfer (CST) and the Canada Health Transfer (CHT) – along with new funds for active labour market programs. The criteria attached to the new funding placed an emphasis on moving people as quickly as possible into paid employment. Rather than making a serious effort to contribute to skill development and the expansion of productive, well-paying jobs, the policy was one of moving the most vulnerable members of the labour force off EI and social assistance as quickly as possible and into any jobs that were available.

4.4 Towards a social investment state?

By the early years of the new century, however, it seemed that the federal government had passed from the earlier period of retrenchment into a new phase of inclusive liberalism, widely referred to in Canada as the “social investment state.” As noted in Chapter 2, some see this as a new variety of liberalism, while others see it as a stage in the further development of neoliberalism. The significance of this shift in the political climate for our case study lies in the ways that it changes the political opportunity structure for progressive local forces. We will now turn to a brief account of this trend.

Jenson and Saint-Martin (2003a; 2003b) suggest that states in Western Europe and North America are moving toward a new "social investment state," a term coined by Anthony Giddens (1998). There are several varieties of this new state form, they claim, just as there were many kinds of Keynesian welfare state, but there are certain basic features shared by all. All speak a new entrepreneurial language, in which citizens are customers or clients or stakeholders, and all tend to justify social expenditures not as methods of mitigating poverty and social inequality in the present but as investment in productive capacity for the future. All are working to shift the "responsibility mix" as it is currently shared around the four points of the "welfare diamond": the state, the market, the community (or voluntary sector), and the family (or the individual). This shift is in all cases away from the state toward the other three. New social investment by the state, moreover, is targeted in such a way as to provide the greatest return. Therefore, it has tended to be concentrated on two critical areas: investment in children, and increased labour force participation. Quality child care programs serve both ends, freeing up parents for employment while providing early childhood education to give young children a running start at human capital formation. The National Child Benefit Supplement, introduced in 1998, serves a similar double purpose. It supplements the household revenue of low-income working families, thereby reducing the degree of poverty experienced by the children, but, in most provincial jurisdictions, it is deducted from the benefits of those who are outside the labour force and relying on social

assistance. It therefore serves as an inducement to leave social assistance and enter low-wage employment.

The social investment state is designed to harmonize with the logic of the market and the enhancement of the structural competitiveness of the national economy. A second and related aim is fostering social cohesion by integrating all members of society into productive activity. Low-wage jobs and poverty in this framework tend to be viewed as less serious problems in themselves; the emphasis is on investment to achieve social cohesion on the promise of a better future. In the discourse of advocates of the social investment state there is less reference now to inequality and more to social exclusion, which is seen as both a cause and a consequence of poverty.

Advocates of the social investment state, including Giddens, those cited by Jenson and Saint-Martin, and others,²⁶ point out a number of structural features of contemporary societies that make it a desirable policy approach. The first is the increasing openness of national economies, which demands greater attention to structural competitiveness. The shift to knowledge-based economies with their centre of gravity in the service sector places special emphasis on the skills of the workforce. There is, at the same time, concern about the growth of marginalization and social exclusion of significant portions of

national populations, to some extent caused by the damage to the social safety net due to neoliberal retrenchment, but largely due to the changing nature of the labour market. Some policy advisers now acknowledge that low-wage employment will constitute a significant portion of labour markets for the foreseeable future and recommend various forms of income supplements and provision of public goods to encourage continued participation in these segments of the labour market. The other basic structural change has been in the family form, with the breakdown of the male breadwinner model and the rapid increase in both single-parent families and dual-earner families. The response of the social investment state is to facilitate this widespread social change through such policies as universal child care programs, parental leave legislation, and welfare-to-work facilitation for single mothers.

From the standpoint of workers concerned about sustainable livelihoods, the social investment state appears to have a number of positive features. Its principles are compatible with Amartya Sen's idea of basic capabilities equality, particularly for children. There is no doubt that universal child care programs, if designed well, would be a benefit to all parents of young children, and could also provide high quality early childhood education as well as the high-skill, well-paid service employment

²⁶ See, for example, the articles in Esping-Andersen (ed.) (2002).

recommended by Mahon (1990) over 16 years ago, as noted above. The emphasis on active labour market measures also suggests greater attention to making employment available to all who wish to participate in the labour market.

There are, however, some worrisome features to the social investment state that generate skepticism regarding its progressive potential, beginning with its basic principles. It appears to instrumentalize human well-being rather than making this the end purpose of social and labour-market policy. Investment in human capital aims to enhance the structural competitiveness of the national economy and promote social cohesion, that is, social order. It entails a shift in focus from a discourse of social justice and equality to one of social cohesion and inclusion. As Ruth Levitas (1998; 1999) points out in her study of this shift in Britain, the discourse of inclusion tends to present the "mainstream" as free of any social issues and focuses attention on the characteristics of the "excluded" rather than on the dynamics of the society at large. By identifying sets of "at-risk" populations, the social inclusion discourse implies that the causative factors are situated within the excluded themselves rather than in their relations with their broader society. This discourse also obscures inequalities among the included. For some of the advocates of the social investment state, inclusion is more important than equality (see, for example, Giddens 1998, 2001). It is an easy step from this position to the justification of low-wage, precarious employment as a form of social inclusion. Levitas tracks a subtle shift in the discourse around social exclusion in Britain from its original usage, where it was viewed

as a cause and consequence of poverty, to its current usage, in which it is equated with unemployment and, more to the point, unemployability. From this perspective, exclusion is due to the inadequacies and even the moral failings of the excluded, and inclusion becomes a duty rather than a right. Levitas points out that these are quite different meanings of the term "social exclusion," but that official statements using the concept frequently shift between them, sometimes even in the same speech. "Its political usefulness," she says, "is precisely that such moves can take place unnoticed, thus mobilizing potentially 'redistributive' elements in public opinion behind a moral agenda - or potentially, vice versa" (Levitas 1999: : 8).

The social investment state, or "inclusive liberalism" (Porter, Doug and Craig 2004), is not entirely incompatible with a socially conservative regime. Reports in the fall of 2006 indicated that the Harper government was drawing upon many of the ideas of the previous Liberal government in designing a long-term economic plan that would emphasize major social investments, particularly in postsecondary education (Chase 2006). There would still be significant differences between the Conservatives and the Liberals, for example in their approach to child care (Mahon 2006a), but Conservative adherence to the basic concept of social investment did not seem to be in question. Social investment was by that time a common-sense concept used by the New Democratic Party as well.

In this light, we can see the social investment state and its supporting ideology of inclusive liberalism as an emerging hegemonic project. Its advocates aim to build broad alliances across a host of social antagonisms including those based on class, income, gender, region, ethnicity, age, and cohort. In some cases, notably the United States, it cannot be said to be hegemonic, but it appears to be emerging as such in Canada and throughout Western Europe. As with the Keynesian welfare state, some countries are likely to carry it off more successfully than others. Jenson and Saint-Martin point out that much of it is still just talk. Rice and Prince (2004) stress that, in the case of Canada, social policy will continue to be hedged in by a cautious fiscal policy. This is likely to make for major gaps between rhetoric and action. However, it will change the political opportunity structure, creating new possibilities for progressive policy.

4.5 Conclusion

This brief overview of federal labour-market and welfare policy trends since the 1960s has noted distinct shifts toward greater activation, individualization, flexibilization, and devolution. These trends serve to constrain and channel labour-market and welfare policy at the provincial and local scales. If federal policy were the main focus of this dissertation, a more detailed and nuanced account would note a number of exceptions to this generalization. For example, there is still a great deal of passive income support through the UI system; in 1997, the Chrétien government was forced to reverse a decision to reduce benefits for repeat claimants due to protests from seasonal workers and loss of

political support over the issue in the Atlantic Region and Quebec. Each of the four trends is tendency, not a complete transformation of past policies. An extralocal rule regime is itself always subject to resistance and contestation. As the trends have emerged and changed through each phase of recent history, some openings for progressive political agency have opened, while others have been foreclosed. In the next chapter, we shift attention to the provincial scale and observe the efforts to reform the welfare system in the period from 1986 to 1996. The narrative account there will demonstrate the constraining and channelling effects of federal policy, while setting the stage for the case study of the struggle over welfare reform at the local scale in Ottawa.

Chapter 5: Welfare Reform in Ontario, 1986-1996

5.0 Introduction

This chapter turns to the provincial level and focuses upon the history of attempts to reform Ontario's welfare system from 1986 to 1996. It begins with an in-depth analysis of the origins, process, and recommendations of the Social Assistance Review Committee (SARC) from 1986 to 1988, and the follow-up to its report, Transitions. Section 5.2 then traces the history of welfare reform efforts during the governments of Liberal Premier David Peterson and NDP Premier Bob Rae in order to identify the reasons for their failure. Section 5.3 gives an account of the coming of the Common Sense Revolution and the welfare reforms of the Progressive Conservative government of Mike Harris, concluding with an overview of the Ontario Works program launched in 1996.

This chapter will show that the recommendations of the SARC were, with some qualifications, a progressive set of redistributionist reforms. In Esping-Andersen's (1990) typology, Ontario's was a liberal welfare state; the social assistance system was designed to provide temporary support to people in need. The SARC's recommendations would not have changed that; they would not have brought about qualitative changes in the nature of class relations in Ontario. Indeed, changing the system of social assistance could not, by itself, be expected to bring about such a transformation. Taken as an

ensemble, however, especially as later amended by the Advisory Group on New Social Assistance Legislation, the SARC recommendations would have improved substantially the quality and quantity of support provided to people in need, and would have reduced the stigma associated with receipt of social assistance. In this sense, they could be seen as a type of nonreformist reform, changing the terrain upon which future struggles might be fought. Welfare reform failed during this period due to a combination of factors, including the neoliberal policies of the federal government described in the previous chapter. There were also failures on the part of the agents directly involved, however, including the Liberal and NDP governments, the SARC itself, and the activists who undertook to promote its recommendations. Section 5.4 will draw conclusions on these factors accounting for the failure of welfare reform during this period.

5.1 The Social Assistance Review, 1986-88

In 1986, Ontario's social assistance system was governed by two laws, the General Welfare Assistance Act of 1958 and the Family Benefits Act of 1967. General Welfare Assistance (GWA) was designed to provide short-term or emergency assistance to people who were temporarily unable to support themselves due to unemployment, family breakdown, or temporary illness or disability. GWA recipients²⁷ were usually required to

²⁷ The term "recipient" applies to the individual or family head who receives social assistance payments. The term "beneficiary" refers to all those relying on social assistance, including children and other dependants of a recipient.

demonstrate an active effort to search for work. The Family Benefits Allowance (FBA), introduced after the federal Canada Assistance Plan, was conceived as a form of long-term support that grouped people who had previously been clients of several different programs: people with disabilities, sole-support parents with little or no labour-market income, children in foster care and, in general, people deemed “permanently unemployable.” Before receiving either GWA or FBA, a person had to be assessed according to eligibility criteria and assigned to at least one of 22 categories of eligibility, five for GWA and seventeen for FBA.²⁸ A person needing long-term social assistance normally had to apply for GWA first, then make an application for FBA.

Municipalities administered the GWA; 50 per cent of GWA funding came from the federal government through the Canada Assistance Plan (CAP), 30 per cent from the province’s Ministry of Community and Social Services (MCSS), and 20 per cent from the local government. The FBA was administered by the provincial government and its cost shared 50/50 by the federal government (CAP) and the province (MCSS). In both cases, a social worker used the budget-deficit method to determine the amount of income supplementation; that is, starting with the maximum to which a person or family was

²⁸ The report of the Social Assistance Review Committee, *Transitions*, (Ontario. Social Assistance Review Committee, 1988), discussed in detail below, describes the basic arrangements of Ontario’s social assistance system in the mid-1980s and provides a useful history of its genesis. Other useful sources on the history of the social assistance system in Ontario include Struthers (1994), Guest (1997), and Little (1998).

entitled, all income from other sources was deducted on a dollar-for-dollar basis.

Benefits varied according to the number and age of any children who depended on the recipient.

The Ontario government of Liberal Premier David Peterson initiated a review of the province's social assistance system in 1986. At the time, the Ontario New Democratic Party (NDP) was supporting the minority Liberal government under a formal, two-year accord that had been struck after the 1985 election, when none of the parties had won a majority in the legislature. It was the NDP's Community and Social Services critic, Richard Johnston, who first proposed the review during a question period in the legislature. Johnston, a long-time community activist and a leading member of the Ontario NDP's left wing (Ehring and Roberts 1993), noted the proliferation of food banks around the province during a period of strong economic growth. It was, he said, a sign of "a major failure at the moment of our safety net which needs major repair," and he proposed "a major review of all the social assistance programs in this province."²⁹ Peterson welcomed the suggestion and invited Johnston to submit a more detailed proposal, which he did the next day. This initiative led directly to the establishment of the

²⁹ Legislative Assembly of Ontario, Hansard, January 6, 1986.

Social Assistance Review Committee (SARC). Johnston subsequently had input to the choice of the SARC's chairman, George M. Thomson, a former Assistant Deputy Minister of Community and Social Services and a family court judge with a reputation for progressive views on social policy (Ehring and Roberts 1993: 210-14).

The impetus for the SARC, then, was a concern that Ontario's social assistance programs were not responding adequately to the needs of poor and disadvantaged citizens. There is no indication that it arose over worry about the fiscal burden of a high level of welfare dependency, nor did it begin as an effort to move from a policy of passive income support to one of activation. Rather, its central concern was the adequacy of a public service to those in need. In the terms used by Ruth Levitas, introduced in Chapter 3, the SARC originated in a redistributionist discourse (RED), and not in either a moral underclass discourse (MUD) or a social integration discourse (SID).

The terms of reference drafted by the government gave the SARC a broad mandate. The committee was to gather and analyze information on existing programs and initiatives in Ontario and other jurisdictions, undertake public consultations, analyze alternative approaches, and make recommendations regarding the guiding principles and objectives of social assistance in Ontario. The terms of reference included nine "major subsidiary questions", and here the emphasis was heavily on the question of adequacy. Were the direct financial supports and the social services for those in need sufficient, available to

all who needed them, and delivered in a fair and responsive manner? What was the impact of the province's housing policies on social assistance recipients and the working poor? What role should emergency hostels and food banks play in the system? Only one of these nine questions touched on the theme of activation: "is there enough emphasis on provisions designed to help clients move towards economic independence?" The final question asked the committee to consider which levels of government should pay for social assistance, and which levels should deliver it, questions that would take on greater significance in the 1990s.

The membership and staffing of the SARC reflected its orientation towards a redistributionist model of social assistance. The committee had twelve members, including some who had worked in the social assistance system and some who had been recipients of social assistance or who were familiar with the issues of particular client groups such as sole-support parents, disabled persons, Aboriginal people, and immigrants. Among them was Ruth Wildgen, an Ottawa alderman and anti-poverty activist. To support its work, the SARC set up a team of research staff headed by Patrick Johnston, a former executive director of the National Anti-Poverty Organization.

The SARC travelled to fourteen cities in Ontario and received more than 1500 submissions. A review of the list of presentations in Appendix D of the committee's report indicates that these came primarily from community-based social service groups,

advocacy groups, municipal social service departments, and individual activists. This level of participation indicates that organizations and activists concerned with issues of poverty took the SARC very seriously. The SARC also established advisory committees on several key topics; this was another vehicle for involvement by grassroots social service organizations and advocacy groups.

The SARC published its report, entitled Transitions, in September, 1988 (Ontario. Social Assistance Review Committee 1988). I will review its contents briefly here and argue that, with one major qualification, it responds well to the criteria established in Chapter 2 for progressive public policy designed to promote sustainable livelihoods.

The report's first analytical task was to explain the increasing reliance on welfare during a period of economic recovery. The committee reported that three major groups accounted for this phenomenon: people with disabilities, single-parent families, and "unemployed employables".

People with disabilities accounted for almost 50 per cent of the FBA caseload, and 32 per cent of the overall social assistance caseload; this was the largest single group of welfare recipients. This segment of the caseload had grown by 38 per cent since 1981, due in large measure to the province's policy of deinstitutionalization and community integration begun during the 1970s. The cause in this case, then, was less an absolute

growth in dependency than the transfer of a provincial responsibility from the health care system to the social assistance system. Additional factors included the recognition of previously ignored disabilities, advances in medical science that resulted in higher survival rates for people with disabilities, and better advocacy on behalf of people with disabilities. The committee noted that it had heard repeatedly in submissions that support services for people leaving institutions were inadequate and that this was a major factor in their inability to become self-reliant members of the community.

The second major trend was the rise in single-parent families due to rising divorce rates, more single mothers choosing to keep their children, and more women leaving abusive relationships. Single-parent families accounted for 41 per cent of the FBA caseload and 30 per cent of the overall social assistance caseload. About 85 per cent of all single-parent families in the province were headed by women, and more than 50 per cent of these families were living in poverty. Many turned to social assistance because of the lack of any real alternative. “This ‘feminization’ of poverty,” the SARC reported, “is a matter of great concern to this committee” (p. 41). Although this group tended to remain on social assistance longer than “employable” recipients, the committee found that there was a much higher turnover rate in this group than they had expected; about 40 per cent of all FBA recipients either entered or left the program each year (p. 44). The period of reliance on social assistance declined directly with the level of spousal support received.

“Employable” recipients made up about 20 per cent of the total social assistance caseload and were the fastest growing group of recipients. The committee attributed this to two major causes. The first was change in the structure of the economy that was becoming evident in the aftermath of the recession of the early 1980s; many manual and unskilled jobs had been eliminated, putting people with limited education at a serious disadvantage. The two sub-groups of greatest concern were young single recipients with less than a high school diploma and laid-off older workers who had exhausted their unemployment insurance (UI) benefits. The second cause was a tightening of the eligibility requirements for UI that forced people with no other source of income to resort to social assistance. To some extent, then, the cause here was a shift of responsibility for income support from the federal UI program to the province’s social assistance system. The SARC pointed out that, prior to the 1972 UI reforms, the number of “employable” people relying on social assistance in Ontario amounted to about 20% of the total population of unemployed; this ratio declined to 10 per cent after the 1972 reforms, but had risen again to almost 20 per cent by 1987.

Turning to its critique of Ontario’s social assistance system, the committee was scathing.

The SARC observed that the benefit levels for social assistance recipients were “grossly inadequate” to meet the basic costs of food, shelter, and household expenses (p. 52).

Benefits were calculated on the basis of an “antiquated hierarchy of deservedness” (p. 52) under which recipients were grouped into 22 categories of eligibility, rather than on a

straightforward assessment of need. Moreover, the situation of many low-wage earners who were not eligible for social assistance was often worse than that of recipients. “This,” the committee reported, “led to many demands [during the public consultations] for a frontal assault on poverty itself, with a comprehensive approach that responds to the problems faced by both the so-called welfare poor and the working poor” (p. 52). The committee also criticized the complexity of the system that made it difficult to understand and gave too much discretionary power to front-line workers, adding to the sense of powerlessness and to the social stigma associated with being on welfare. It noted the lack of co-ordination of the broader Canadian income security system – including UI, social assistance, the child tax benefit, Canada Pension Plan benefits, and various programs designed to help people through periods of need – and the fact that no one took responsibility for ensuring its overall coherence and adequacy. The committee was especially critical of what it called the “welfare trap” – the fact that there was a lack of support measures for achieving self-reliance, that social assistance benefits were reduced dollar-for-dollar on employment income, and that recipients had to give up valuable benefits such as coverage for prescriptions and emergency dental care when they left social assistance. The committee also noted that there were disparities in service, depending on a recipient’s location in the province; some municipalities provided supports and services that were unavailable in others.

To remedy these failings, the SARC called for “a major and fundamental restructuring of social assistance” (p. 87). The committee made 274 recommendations relating to all aspects of social assistance and to a wide range of related social and labour-market policies. These recommendations flow from a set of principles set out in Chapter 1 of the report. Most of these are within the redistributionist paradigm, aiming to strengthen the ability of the system to respond to people in need. These principles include the presumptive right of all members of society to social assistance based on need, as well as the right to a level of social assistance adequate to meet basic needs for food, shelter, clothing, and personal and health care. The committee called for a system that was simple, efficient, open, publicly accountable, accessible to all regardless of language, region, or capability, one that was free of stigma, that respected the diversity of cultures and religions in Ontario and “the unique identity of Native communities”, and that was consistent with rights under the Canadian Charter of Rights and Freedoms.

But Transitions also went further. Social assistance, the SARC stated on the first page of its report, “is intended to be a residual program for those few who are unable to support themselves through employment and who do not have access to adequate incomes through universal or insurance-based programs.” It therefore proposed to deconstruct the welfare system and build a new set of policies and programs that would ensure income security for all who needed it while also transforming the social “safety net” into a “springboard” to self-sufficiency (p. 88). The three key recommendations were: first, to

remove children from the social assistance system by providing, in cooperation with the federal government, a refundable child tax credit; second, to remove people with disabilities from the social assistance system by establishing a separate disability income program; and, third, to facilitate the movement of all other adults out of the welfare system by assisting individuals to make and implement plans for labour market entry, by removing disincentives to labour market entry, and by improving labour market conditions.

5.1.1 Child benefit (pp. 112-118)

In 1988, the SARC noted, the existing system of income support for children in Ontario included several different programs delivered by three levels of government through eight separate administrative bodies in six different government ministries or departments, with little coordination or rationalization. They included social assistance benefits, refundable and non-refundable tax credits of various kinds, as well as family allowances. Even taken together, however, they were still inadequate; the rate of child poverty in Ontario remained high and recent research had shown that children living in poverty suffered from much greater incidence of physical and emotional ill health, poor school performance, and low participation in extra-curricular activities. Children on social assistance were worse off by these indicators than children from low-income families who were not on social assistance, possibly due to the social stigma attached to being “on welfare”.

The SARC proposed a rationalization of the existing federal and provincial programs into a single refundable child tax credit, to be income-tested and delivered through the income tax system. The committee proposed that the maximum be set at \$3,300 per year, per child (all figures in 1988 dollars). Families with incomes up to \$15,000 would receive the full benefit. Thus, a family with two children and an income of \$15,000 per year would receive \$6,600, a 44 per cent addition to the gross family income. Families with incomes below \$15,000 would receive even greater percentage additions to family income. Families with incomes above \$15,000 would have the benefit reduced by an amount equivalent to 25 per cent of their additional earnings. For example, a family with two children and an income of \$20,000 would have its benefit reduced by 25 per cent of the additional \$5,000, or \$1,250. Thus, its annual benefit would be \$6,600 minus \$1,250, or \$5,350. The net gains by families would be less, of course, because all of the previous income supports for children would be folded into this one. By the SARC's calculations, all families up to those with annual incomes of approximately \$43,000 would have net gains in income in relation to the income from the existing maze of programs. The main beneficiaries would be non-recipients of social assistance who were earning low incomes in the labour market, but middle-income families would also benefit noticeably, strengthening political support for the program. Social assistance recipients might experience a smaller net increase over existing child allowances, but their benefits would have no stigma attached and would not have to be sacrificed if they were to leave social

assistance. Income support for children would have been removed from the social assistance system entirely.

There was one obvious catch to this proposal: it required the participation of the federal government. A refundable child tax credit of this magnitude would have to be a national program, the SARC believed, for two reasons. First, much of the existing income support for children to be folded into the new program would come from the federal treasury: family allowances, existing refundable and non-refundable tax credits, and the new GST credits that were about to come into effect. Second, the SARC believed that it was not practical for one province to implement such a program by itself, since major differences in levels of income support could encourage low-income families to move to the province with the most generous system.

5.1.2 Disability income program (pp. 105-112)

The SARC also recommended that people with disabilities be removed from the social assistance system. In this case, they recommended two programs. The first, a comprehensive disability insurance program, would provide income support for workers who lost their earnings due to a disability, however caused – by accident, illness, or injury, on or off the job. The insurance would pay 80 to 85 per cent of the former earnings and would be financed by premiums paid by employers and employees. It was in many respects similar to the existing Workers Compensation program, but would

cover disabilities resulting from any cause, not just those that were employment-related, and it would also cover part-time and self-employed workers. The SARC acknowledged that this approach was employment-contingent and deviated from a pure needs-based approach; it argued that the public was more likely to accept a premium-based insurance program of this kind because people were familiar with its basic principles from their experience of UI and Workers Compensation. Ideally, the SARC proposed, the program would be co-financed by the federal and provincial governments and fold in disability benefits from the Canada Pension Plan, but the committee believed that the province could proceed with this plan on its own if necessary.

A parallel program would provide benefits to people with disabilities who had never been in the labour market or who became disabled while out of the labour market. In this case, benefits would be made equivalent to Old Age Security and the Guaranteed Income Supplement for the elderly; these programs had been successful in reducing poverty among the elderly during the 1970s. The two disability income programs would be coordinated and would use the same definitions of disability and processes for determining eligibility. They would both be complemented by a range of services to provide “the greatest possible opportunities for all disabled people to contribute to the community” (p. 112). These services would include employment preparation, training, and placement programs, accessible transportation and housing, architectural access to workplaces, home and attendant care, drugs, and assistive devices.

5.1.3 Opportunity planning

Removing children and the disabled from the social assistance system would leave “employable” adults as the major group of social assistance recipients. The committee devoted a full chapter of Transitions (Chapter 5, pp. 203-256) to the concept of opportunity planning, a process in which each individual social assistance recipient would develop a plan beginning with long-term aspirations and, with the help of an “opportunity planner,” identify the activities, programs, and services needed to achieve their goals. The SARC stressed that this approach was to be individualized; the assistance was to be provided to each person and tailored to their goals, strengths, and skills to the extent possible, although the plan would have to be “in keeping with the resources and opportunities in the community” (p. 206). The committee also recognized that different groups would require different approaches: sole-support parents, older laid-off workers, and younger “unemployed employables” with less than a high-school diploma would each require different forms of support. The committee recommended that income maintenance be kept separate from the program of opportunity planning, and that “opportunity planners” be a separate group of staff in order that they not be perceived as enforcers having power over the social assistance recipient. To some extent, they suggested, the role of opportunity planner could be assigned to community organizations specializing, for example, in support to young single mothers, older workers, or recent immigrants.

5.1.4 Removing disincentives to labour-market entry

Transitions recommended a program to supplement the incomes of employed people whose wages were insufficient to raise them above the poverty line, harmonizing this with social assistance in order to facilitate movement from welfare to work. The intention was to eliminate the “welfare trap” by removing disincentives to employment.

The problem here was how to achieve adequacy of social assistance benefits while also facilitating transition to the labour market. If social assistance rates were raised to the level at which they would be adequate to cover the actual cost of shelter, food, clothing, and other basic living expenses, the benefits could rival, perhaps exceed, the earnings of full-time, full-year employment at the existing minimum wage. (This would be especially true for a worker with one or more dependents, but that issue could be resolved with the child tax credit.) Transitions discussed the relative merits of increasing the minimum wage, on the one hand, and having the state provide income supplements to working people, on the other, noting the merits and problems of each (pp. 286-292). The committee observed that the value of the minimum wage had been allowed to decline with inflation; in 1975, it had provided 106 per cent of the poverty line for a family of four with two full-time minimum-wage incomes. By 1985, this ratio had fallen to 81 per cent, rising only to 85 per cent with the most recent increase in Ontario’s minimum wage to \$4.55 per hour in 1987. The SARC therefore concluded that there was room to raise the minimum wage to some degree, but that a minimum wage of \$8.00 per hour would

probably be necessary to ensure equity between low-wage workers and social assistance recipients receiving adequate benefits. Although there was not much research available on this issue at the time, it seemed to the committee that such a large increase would result in some job loss, perhaps a great deal, and would be especially unpopular with small business owners. On the other hand, income supplementation would be a burden on the taxpayer and would relieve employers of their responsibility to pay a living wage. It would be a subsidy to low-wage employers, not to the employees. As a practical solution to this dilemma — one of those intractable dilemmas noted in Chapter 3 that are rooted in the contradiction between social reproduction and the valorization of capital — the SARC recommended a combination of income supplementation and increases in the minimum wage. They recommended that the minimum wage be set as a ratio of the average industrial wage, the precise ratio to be determined in consultation with business and labour, and harmonized with a system of income supplementation and social assistance benefits. As social assistance recipients began to earn labour market income, their benefits would no longer be reduced on a dollar-for-dollar basis. Rather, they would have 66.66 per cent clawed back until their total income from wages reached the level of the full-time minimum wage. All workers with earnings at or above the full-time minimum wage would receive an income supplement of \$150 per month, clawed back at a rate of 50 per cent as their earnings rose above the minimum wage, thereby dwindling to zero when monthly earnings reached \$300 above the minimum wage. This harmonized

system of social assistance, income supplementation, and minimum wage level was expected to facilitate movement from welfare to the labour market and help to reduce poverty among low-wage earners. Since children's needs were to be covered by the child benefit, all social assistance and labour-market income supplementation would be provided to recipients as individuals, not as families or households.

In-kind benefits to social assistance recipients also served as significant barriers to labour market entry. These included such things as prescription drugs, emergency dental care, eyeglasses, home repairs, child care, legal aid, and crisis counselling. The SARC noted that these goods and services, taken together, were worth "hundreds of millions of dollars" each year (p. 199). In the existing system, social assistance recipients lost these benefits as soon as they stopped receiving cash benefits. This created a major discontinuity in the system of social assistance and served as a barrier to leaving it. As a solution the SARC recommended harmonizing benefits of this nature to the extent possible with those provided to low-income earners who were not recipients of social assistance, thus creating greater equity between the two groups and reducing the barrier to leaving social assistance. As far as possible, these programs should be mainstreamed and provided to anyone on low income by the relevant ministry or agency of government. Until that had been done, the SARC recommended providing the average cash value of in-kind benefits to people leaving social assistance and phasing it out as their income rose.

The keystone of the whole system, which the SARC termed the “fixed variable” (p. 295), would be the official definition of adequacy. It would be based on a market basket of goods and services and would be used to calculate the social assistance benefit level. This market basket, said the SARC, should be adequate to ensure the “frugal comfort” of social assistance recipients. Recommendation 61 of Transitions states:

A “frugal comfort” approach should be taken to basic needs that includes recognition of the need to reduce stigma and enables recipients to integrate into the community, achieve self-reliance, and exercise choice. (p. 194)

This contrasted with the more common practice of starting out with the minimum wage and setting social assistance rates in relation to it. For example, the SARC noted (p. 295), New Brunswick had tied social assistance rates to the minimum wage in the 1970s and within six years that province had dropped from third to tenth place among the provinces for the adequacy of its benefits.

5.1.5 Improving labour market conditions

The committee called for a policy of full employment in a labour market of “meaningful, safe, and fairly-compensated employment” (p. 90). This goal, it argued, should be backed up by proactive job creation programs and measures to allow job-sharing and early retirement; accessible child care and other specialized supports; new education, training, and upgrading courses; employment equity policies as recommended by the Abella Report (Canada. Commission of Inquiry on Equality in Employment 1984); greater

flexibility in employment practices to allow the participation of sole-support parents in the labour force; employment guarantees for youth to facilitate school-to-work transitions; a mandate for school boards to offer adult basic education programs and to eliminate adult illiteracy; a training tax credit for employers; tax reform to eliminate the disincentive to leave social assistance for employment; and, as already described, full integration of policies on social assistance, the minimum wage, and income supplementation.

5.1.6 Analysis of Transitions

Basing the whole system on a definition of adequacy made these proposals essentially redistributionist. It is true that they were designed to encourage movement into the labour market, and that this was the basis of their appeal to business, as we will see below.

However, the SARC was proposing a redistribution of income within Ontario society sufficient to ensure that every person had a sustainable livelihood regardless of their status in the labour market. It gave social assistance recipients a strong incentive to move into the labour market, but it ensured that their basic needs were covered regardless.

Ottawa-Carleton's executive director of program delivery for social services at the time, Dick Stewart, put it succinctly, "It's a carrot system, not a stick system" (Scanlan and Hall 1988).

However, as the reader will have noted already, there is much in the Transitions report

that is consistent with a social integrationist discourse (SID) and model of social assistance. These elements were to be reframed during the 1990s and articulated with a moral underclass discourse (MUD) to generate a set of policies that were in many respects the opposite of those intended by the SARC. Let us look briefly at this aspect of Transitions.

The first principle and over-arching recommendation of Transitions is the following:

All people in Ontario are entitled to an equal assurance of life opportunities in a society that is based on fairness, shared responsibility, and personal dignity for all. The objective for social assistance therefore must be to ensure that individuals are able to make the transition from dependence to autonomy, and from exclusion on the margins of society to integration within the mainstream of community life (p. 8).

The SARC observed that the social assistance system was clearly not achieving this objective, and that major changes were needed to do so. It followed that “transition” should become “a hallmark of social assistance” (p. 15), and that the social assistance program should be designed to facilitate this transition.

Rather than serving as a safety net that can ensnare people, a future social support system should function as a springboard. It must buffer a fall while automatically propelling people upward again. (p. 88)

The committee elaborated on this point in Chapter 1, “Principles for Reform.” The key principles in this regard are numbers 4 and 5 (pp. 15-18). The SARC’s fourth principle

for the social assistance system was entitled “Personal Development” and was stated as follows:

Social assistance must provide a broad range of opportunities to promote personal growth and integration into the community. (p. 15)

“The effort to implement this principle,” the committee continued, “takes social assistance beyond its traditional care-based foundations.” Social assistance, it asserted, should include a proactive element that provided opportunities for moving from dependence on social assistance to a position of autonomy. How could this be achieved?

For many, employment represents the most effective means of establishing self-esteem, self-sufficiency, and integration into society. The focus for them must be not upon working in order to “earn” social assistance benefits [i.e. workfare] but rather upon skills training and employment in order to achieve personal independence. For others, opportunities that increase community participation short of employment are equally essential. (p. 15)

To this point, the SARC was well within the redistributionist (RED) paradigm. It was proposing to combine a policy of providing an adequate level of income support to all persons who were in need, the removal of financial disincentives to moving off social assistance and into the labour market, and policies and programs that actively facilitated this transition. The committee emphasized that it was speaking of “meaningful, safe, and fairly-compensated employment” (p. 90). In its statement of the next principle, “Personal Responsibility,” the committee added that people receiving social assistance should be

treated with respect, should be given choices rather than having solutions imposed upon them, and should be allowed to participate in decisions affecting their interests.

In its discussion of the fifth principle, “Personal Responsibility”, however, the SARC moved into the social integrationist discourse (SID). The committee stated the fifth principle as follows:

The social assistance system must enable individuals to assume responsibility for themselves and must ensure individual choice, self-determination, and participation in community life (p. 16).

Here, at the outset of the discussion, the fifth principle is stated as something the social assistance system must do. Further along in the text, this responsibility is stated as a reciprocal obligation:

[A]ll members of society have a collective responsibility to see that opportunities for self-sufficiency are available, while the individual in return accepts the responsibility to take advantage of them. (p. 17)

The committee asked how strong an expectation should be placed upon the individual to accept this responsibility. Its answer was as follows:

We have accepted that for some, *full* assistance should be made conditional upon a willingness to participate in opportunity planning, a new process within the social assistance system designed to help recipients take advantage of the most suitable opportunities available to them.... If real help is offered, and if recipients are provided with an effective means of questioning the appropriateness of the suggested plan, then we accept that a limit upon free choice is permissible, even necessary (p. 17, emphasis in original).

Here, within the space of a few paragraphs, we see a shift from RED to SID, from social inclusion as a right (RED), to social inclusion as an obligation, specifically the obligation to get a job (SID), and from the state's responsibility to ensure income security (RED), to its responsibility to provide opportunities for training and employment (SID). It is a textbook example of Levitas's argument.

The SARC's position, it must be repeated, was carefully framed with redistributionist discourse. If opportunity planning was offered with respect, with choices, and with the ability to participate in decision-making, the committee argued, "then there is every reason to believe that most will respond enthusiastically to society's offer of support." However, the SARC failed to acknowledge that making full assistance conditional upon participation in opportunity planning would make participation mandatory for everyone.

In Chapter 5 of Transitions, "Opportunity Planning and Human Resources", the SARC devoted more than ten pages to defending its position on making full benefits conditional on participation in opportunity planning, pointing out that active job search requirements

were already a condition of benefits for “unemployed employables”. The committee specified groups that should be exempted from this conditionality, including people with disabilities, sole-support parents, and temporarily unemployable and elderly people. These groups made up about two-thirds of all social assistance recipients. The committee also specified that conditions should not be applied if the support of an opportunity planner was not offered, or if the necessary supports and services for the implementation of a person’s plan were not available. It also recommended a grace period of two months and the right of appeal before the Social Assistance Review Board. It explicitly ruled out workfare. The net effect of these qualifications would have been a system with much less arbitrary conditionality than the one existing at the time. We can conclude that the recommendations around opportunity planning introduced an element that was consistent with the social integrationist discourse (SID), but it did so within a broader framework that was decidedly redistributionist (RED) in its approach. However, it created an opening for the introduction of a more SID-oriented discourse later.

Transitions had broad appeal beyond the community of social service agencies and activists concerned with poverty, particularly with the business community; this appeal was based in large part upon its emphasis on moving people from welfare to employment in the labour market. By its emphasis on transitions, on movement from welfare to work, the SARC laid the groundwork for the development later of a social integrationist discourse (SID) and model of social assistance.

The committee's broad vision, and its advocacy of "a major and fundamental restructuring of social assistance", however laudable, were also problematic. It envisioned a coherent, well-coordinated, integrated, multi-faceted set of social and labour-market policies designed for the changing social and economic conditions of Ontario; it recognized that the full achievement of this goal would require a high level of cooperation between the three levels of government as well as business, labour, and the voluntary sector. This broad scope was both a strength and a weakness of the report. It was a strength in that the committee recognized that the social assistance system, in itself, could not hope to be successful in promoting transitions to self-reliance without a broad set of facilitating policies, institutions, and practices in the broader society. This broad vision, however, served to assume away the many barriers to the achievement of the goals it espoused. Its recommendations went well beyond policies that were within the mandate of the Ministry of Community and Social Services, and even that of the Government of Ontario. For example, a strategy for transition to jobs that offered "meaningful, safe, and fairly-compensated employment" (p. 90) assumed parallel policies to ensure the creation of such jobs in sufficient numbers. This was a much more formidable challenge than the reform of social assistance.

5.2 From *Transitions* to *Turning Point*

The narrative in this section traces the gradual demise of the progressive, redistributionist agenda of Transitions and the role of this failure in preparing the way for the workfarist

policies of the Common Sense Revolution.

SARC Chairman George Thomson and the other committee members gave a lot of attention to the problems of implementing their report's recommendations.³⁰ They estimated that the full cost of implementing all of the recommendations would almost double the annual social assistance expenditure in Ontario, from \$2.3 billion to \$4.4 billion. They recognized that the social assistance caseload would increase in the short term, since recipients would be able to earn more labour-market income without giving up all of their benefits. They also recognized that transforming the system would be a complex process, requiring changes in legislation and negotiation with both the federal and municipal governments. They therefore set out a five-stage implementation strategy with a focus in the first year on changes that did not require legislation, including extending eligibility, improving the adequacy of benefits, removing disincentives to enter the labour market, and reducing the complexity of the system. They estimated the additional annual cost of the first-stage measures as between \$380 million and \$415 million.

The Peterson government's initial response to Transitions was to express agreement in

³⁰ In 1985, Thomson had chaired a provincial committee investigating environmental sensitivity disorders, but the report had "collected dust" (Maychak 1989a); the experience prompted him to give much more attention to implementation issues in the Transitions report.

principle with its overall direction but to say that firm decisions about adoption of the recommendations would have to wait until the province had consulted with the federal and municipal governments and had prepared its budget for 1989-90 (Maychak 1989b).

Thomson and the SARC members had anticipated this cautious response. As soon as the report was published they launched an advocacy campaign to pressure the Ontario government to move forward on the first stage of their recommendations. According to McCrimmon's (1991) account, leaders from the SARC, from its advisory committees, as well as "representatives from business, labour, professional, religious, consumer, and academic organizations across the province" (p. 2) organized themselves into the "Social Assistance Review Committee Public Awareness Campaign" — the SARC-PAC — to advocate adoption of the report's recommendations. They were supported in this by the Laidlaw Foundation, a charitable foundation based in Toronto. Through its program of support for work on child welfare issues, the Laidlaw Foundation provided a total of \$510,000 over two years to groups in the province publicizing the Transitions report; the largest portion of this funding went to the SARC-PAC (Ibid., p. 25).

According to McCrimmon's (1991) account, the SARC-PAC adopted a social marketing approach during the first year after the release of Transitions. A steering committee based in Toronto and a set of action groups drew on its substantial pool of Laidlaw Foundation funds to target the media, business executives, professionals, and other "opinion leaders"

to win support for the Transitions agenda. Membership in the steering committee was heavily weighted with social service agency representatives, with additional representatives located in academe and business, all based in Toronto. There was no participation at this stage from labour or from social assistance recipient groups. The steering committee believed that grassroots organizing among client groups and local activists had not proven successful in the past, and that it was necessary to focus on people with more influence. The message from the SARC-PAC focused upon the short-term goal of implementing the first phase of recommendations.

Thomson himself traveled extensively around Ontario promoting the SARC's recommendations. In February 1989, he told one reporter that he was giving six speeches a week on the report (McQuaig 1989). In these speeches, Thomson was stressing that the SARC's proposals for welfare reform could reduce the number of welfare recipients by up to 70 per cent if all of the recommendations in Transitions were adopted (Scanlan 1989c). Meanwhile, the SARC-PAC ran full-page newspaper ads and worked on key targets whom it believed would have the most influence on decision-makers in the provincial government.

The most striking achievement of this campaign was the endorsement of the Transitions recommendations by the business community. A story in the Toronto Star on February 14, 1989, reported that the SARC's welfare reform proposals had been publicly endorsed

by Toronto Dominion Bank President Robin Korthals, newspaper magnate Conrad Black, and dozens of other business and community leaders in major cities of Ontario. "The current system is deeply flawed in human and economic terms," Conrad Black told a press conference organized by Toronto mayor Art Eggleton. "It fails the test of cost-efficiency and doesn't address long term goals." Eggleton announced his intention to lobby the government on the issue and commended Korthals and Black for coming out in support. "Like all good business people, they understand the bottom line," Eggleton said. (Monsebraaten 1989).

Eggleton was referring, of course, to the central theme of the report – the effort to move people from welfare to work. Reducing the welfare rolls was something business leaders could endorse. This is an example of the strategy of building consensus by sliding between a redistributionist discourse (RED) and a social integrationist discourse (SID), discussed in Chapter 3 (Levitas 1998, 2005). In this case, the social marketing approach of the SARC-PAC won over supporters of a social integrationist model to a redistributionist model by appealing to their common interest in reducing the welfare rolls. Subsequent events were to show that these business leaders were not converts to a position of support for income redistribution in the interests of social justice. Rather, they clearly expected reforms to move people from welfare to work quickly and efficiently. If they did not, they would be open to proposals for other approaches to reducing the welfare rolls.

Ontario's Treasurer, Robert Nixon, was reluctant to proceed with new funding for social assistance. In February, 1989, he told reporters at Queen's Park that he did not want to make a commitment to new cash outlays that "once started, will be here permanently and grow in impact" (Storey 1989). Ottawa Centre MPP Richard Patten told the Ottawa Citizen (Scanlan 1989c) that Nixon was not convinced that the program recommended by the SARC would reduce the number of welfare recipients; even the SARC had said that the numbers of people assisted would increase in the short term because of the extension of assistance to low-income earners, while new programs for children and the disabled would take longer and require negotiation with the federal government. Indeed, Patten added, Nixon was worried that many of the long-term proposals in Transitions required federal support, and this was not assured. In these and other media reports at the time, Nixon appeared as the leading obstacle to reform, and campaigners focused their attention upon him. A spokesman for the Laidlaw Foundation told one reporter that its aim in supporting the campaign was to show the Ontario government that there was "a broad base of support ... a consensus" for the recommendations of the Transitions report (Sweet 1989).

Meanwhile, a grassroots campaign had taken shape across the province, parallel to the social marketing efforts of the SARC-PAC. In late March, 1989, marchers in an ad-hoc Campaign Against Poverty set out by foot and wheelchair for Toronto from Ottawa, Windsor, and Sudbury, and converged on Queen's Park for a rally of 3,000 people on

April 8th demanding action on Transitions. The marches, conceived by anti-poverty activist John Clarke, garnered widespread community support and positive media coverage in the weeks prior to the Ontario Treasurer's annual budget speech (Church 1989; Page 1989; Scanlan 1989a, 1989b).

These efforts achieved some success. In May, 1989, the Minister of Community and Social Services, John Sweeney, announced plans to implement several of the first-stage recommendations of Transitions. The centrepiece was a new initiative, the Supports to Employment Program (STEP), which included several measures to reduce disincentives to earning labour-market income by social assistance recipients. These included a reduction of the claw back of social assistance benefits from 100 per cent of labour-market income to 80 per cent. This was not the 66.66 per cent recommended by the SARC, but it was a move in that direction. STEP also included a "buffer zone" in which former social assistance recipients would continue to have coverage for health expenses even after their cash benefits had been reduced to zero. The government also addressed the issue of adequacy by increasing benefits related to the cost of shelter as well as child benefits. Taken together, these plans involved an increase of \$415 million annually to the social assistance budget. Critics pointed out that only \$295 million of this amount was really new money, since \$120 million would have been required to cover the annual increase in benefit rates in any case, and half of the funding would flow from the federal government (Carey 1989).

McCrimmon reports that SARC-PAC members were “quietly disappointed” with the outcome of their efforts in the spring of 1989 (1991: 41). There had been some gains, but they had expected more. Much of Transition’s agenda of first-phase reforms had been ignored, and it was not clear how much more the government expected to do. This prompted some reflection on strategy by the members, who decided at this stage to give more emphasis to strengthening the network of welfare reform advocates around the province. With this aim, they changed the organization’s name to the SARC Network and identified regional organizers around the province, located in community agencies such as Social Planning Councils, or in groups established specifically to advocate for the Transitions agenda, such as Ottawa’s SARC Monitoring Committee. However, it proved difficult to achieve consensus within this Network, either on basic strategy or on the choice of issues upon which to focus. Some members wanted to continue with the social marketing approach, while others believed that a strategy of building wider popular support through a community development approach would be more effective in the long term. This division made it difficult for the Network as a whole to agree on any but the vaguest objectives.

Meanwhile, the policies of the federal government were moving in a direction antithetical to the kind of welfare reform advocated by Transitions. Robert Nixon had good reason to be worried about federal intentions. In the federal budget of April, 1989, under pressure from the International Monetary Fund (Crane 1989), the federal government announced a

series of austerity measures designed to reduce the federal deficit. Earlier in the same year, the Bank of Canada Governor had launched a campaign to reduce Canada's rate of inflation to zero, a policy since widely viewed as the leading cause of the "Great Canadian Slump" of the early 1990s, Canada's worst recession since the Great Depression of the 1930s (Fortin 1996). In 1989, the federal government also announced a tightening of Unemployment Insurance regulations to take effect in 1990, including an increase in the period required to qualify for benefits, and a decrease in the duration of benefits. In Ottawa, for example, by November 1990 the minimum number of weeks of work required to qualify for UI rose from 14 to 20 weeks and the maximum period of benefits was reduced from 50 to 35 weeks.

Ontario had added \$415 million to its \$2.3 billion social assistance program in May, 1989, assuming that half of the expense would be covered by the federal government through the Canada Assistance Plan (CAP). In its 1990 budget, however, the federal government announced a "cap and CAP". This cap limited annual increases in CAP transfers to 5 per cent per year to the three "have" provinces -- Ontario, Alberta, and British Columbia. Although there was never any official statement by the federal government linking this decision to Ontario's social assistance program, this was widely perceived to be the trigger (Courchene 1998: 102-3). The provinces appealed this unilateral decision in court. The B.C. Court of Appeal agreed with the provinces, ruling that they had a "legitimate expectation" that the federal government would seek their

approval for any change in the CAP. However, in August 1991 this decision was overturned by the Supreme Court of Canada, which said that the principle of parliamentary sovereignty meant that the government could not be blocked by the provinces nor bound by decisions made by its predecessors.³¹

These federal policies – the Bank of Canada’s tight money policy, the Department of Finance’s regime of fiscal austerity, and the cutbacks in UI provision – combined to generate large numbers of “unemployed employables” relying on Ontario’s social assistance programs during the early 1990s. From March 1989 to March 1994, the proportion of the total population of Ontario relying on social assistance rose from 5.8 to 12.7 per cent, a rate higher even than the Atlantic region (Fortin 1996: 766-7).

In the spring of 1990, however, there were some signs of progress on the Transitions agenda. Treasurer Robert Nixon announced a 5 per cent increase in social assistance rates to take effect in January, 1991. In May, 1990, a new Minister of Community and Social Services, Charles Beer, announced that the government was taking steps to implement stage two of the Transitions recommendations, particularly a new legislative framework that would merge the Family Benefits Act and the General Welfare Assistance Act into a

³¹ Supreme Court of Canada, Reference Re Canada Assistance Plan (B.C.) (1991), http://www.lexum.umontreal.ca/csc-scc/en/pub/1991/vol2/html/1991scr2_0525.html

single piece of legislation incorporating reforms advocated by the SARC. To assist with this task, Beer appointed a twelve-person Advisory Group on New Social Assistance Legislation, chaired by Allan Moscovitch, then an associate professor in Carleton University's School of Social Work. He and other members of the Advisory Group had clearly been selected for their knowledge of, and sympathy with, the Transitions recommendations. The group included one member of the original Social Assistance Review Committee; other members were involved in community-based social services around the province. In their first report they described themselves as "a community-based group" (Ontario. Advisory Group on New Social Assistance Legislation 1991: iv). Among the members was Dick Stewart, then the executive director of program delivery of social services in Ottawa-Carleton.

That summer, Peterson's Liberal government was defeated in an election. At the time, this turn of events appeared to have positive implications for Transitions-inspired welfare reform. The new NDP government, led by Bob Rae, claimed to be more committed to the reforms than its predecessor. Since the NDP was a party with a social democratic tradition, and was the party whose social policy critic had launched the SARC, this was not surprising. The government announced its commitment to implement the reforms called for in Transitions in its Speech from the Throne in November, 1990:

[P]olitics is about far more than what we can all get: It is also about what we owe each other. Too many people have been left out and need to be included. The values of community and solidarity have been undermined and ignored. Quite simply, there is too much poverty and inequality in Ontario.....

.... Over its five-year mandate, my government will increase the minimum wage to 60% of the average industrial wage; introduce pension reforms; revise rent review legislation; help to expand the supply of affordable housing, particularly non-profit housing, and extend child care. We will provide support for those who find themselves out of work and unable to provide for themselves and their families. We pledge to continue the reform of Ontario's social assistance system and address the shame of child poverty in the midst of affluence.³²

McCrimmon (1991) reports that the province-wide SARC Network ceased to be active after the NDP election victory in 1990. Its last major effort was a broad public information campaign around the issue of welfare reform during the election. The internal conflict over strategy had undermined the Network's effectiveness, and some interpreted the NDP victory as an indication that it was no longer necessary to engage in active lobbying for action by the provincial government. Several of the local organizations remained active, however, including Ottawa's SARC Monitoring Committee, which we will encounter again in Chapter 6.

³² Ontario Hansard November 20, 1990

A week after the NDP Throne Speech, the new Minister for Community and Social Services, Zanana Akande, announced that the government was asking Moscovitch's Advisory Group to fast-track its work in order to allow the government to proceed with legislative reform as soon as possible. In the meantime, the government was planning to increase Robert Nixon's previously announced increases to social assistance benefit rates. Effective January, 1991, the government would increase basic allowances by 7 per cent and shelter allowances by 10 per cent, adding an estimated \$91 million to social assistance payments in 1991-92. The Minister was careful to add that the province would pay the municipal share of this increase, since it had not been announced in time for municipal governments to plan for it. The Minister also announced funding for unspecified new employment programs for people receiving social assistance and people with disabilities, including training, "creating work opportunities that will lead to permanent employment," and supports such as child care for single parents and assistive devices for people with disabilities. Both the Liberal and Conservative opposition critics welcomed her announcements and reconfirmed their own commitment to the Transitions reform agenda.³³

Moscovitch's Advisory Group made two reports to the new government. The first,

³³ Ontario Hansard November 29, 1990

entitled Back on Track, published in March 1991, made recommendations on a set of short-term reforms (Ontario. Advisory Group on New Social Assistance Legislation 1991). The second, Time For Action, appeared in May 1992 with a set of recommendations on legislative reform (Ontario. Advisory Group on New Social Assistance Legislation. 1992).

The first report situated itself explicitly in the spirit of the Transitions report, aiming to get the SARC's agenda "back on track". Like its predecessor, its first concern was with the adequacy of benefits. It called upon the government to improve benefits immediately, to make eligibility rules more equitable by making assistance available strictly on the basis of need, to develop a community standard to measure the adequacy of benefit rates by using a market basket of necessary goods and services, and to reduce the tax-back rate on earned income from 80 to 66.6 per cent. The report also urged the government to move forward with opportunity planning by funding a set of six pilot projects around the province. In all, the Advisory Group recommended 88 action items in Back on Track, at a cost it estimated at \$450 million. It recognized that Ontario was, by that time, "in the midst of a recession," and that this placed fiscal constraints on the government, but it drew from this observation the conclusion that

... now, more than ever, social supports for the most disadvantaged and vulnerable people in our society must be strengthened. The fact that more people are in need during hard economic times should make the momentum for reform more urgent (Ontario. Advisory Group on New Social Assistance Legislation 1991: 6).

Back on Track was, for the most part, well-received. Minister Akande announced at a meeting in Ottawa in early April 1991 that the government would commit to spend the full recommended amount of \$450 million on reforms (Ottawa Citizen 1991). However, in the provincial budget delivered later that month, this commitment was limited to \$215 million, with no details provided on which of the recommended reforms to expect. This was cause for concern to some activists and front-line workers, including Advisory Panel member Dick Stewart. “They showed they are committed to reform,” he told a reporter in Ottawa, “but they didn't endorse the report in its totality. I am concerned about that” (Barron 1991). Nevertheless, by May 1992 the Ministry of Community and Social Services was able to report that it had fully implemented 51 of the 88 recommendations and that a further 17 were in various stages of implementation. Some of these were significant changes that did not involve much direct cost. Several strengthened the rights of social assistance recipients, for example by ending uninvited home visits by social workers. Previously, the benefit rates of employable GWA recipients had been lower than the rates of those who were “temporarily unemployable;” now they were made equal at the higher rate, a recognition that the criterion of need trumped the many categories of deservedness. Homeless people and refugee claimants became eligible for social

assistance; previously people without a permanent address and those without landed immigrant status had been ineligible. The tax-back rate on earned income was reduced from 80 to 75 per cent, and six pilot projects for opportunity planning were in the design phase. Among the recommendations not implemented were coverage for basic dental care and provision to couples of benefits at double the rate for single persons. The Ministry added that the government intended to address all of the other problems with the social assistance system identified in Back on Track but was not yet able to do so because of the federal cap on CAP funding and the effects of the recession.³⁴ This performance, though it was disappointing to some, was certainly not yet an indication that the NDP government was about to abandon the Transitions agenda. Back on Track had been a preliminary report and did not deal with major structural changes. The real challenge would come with the Advisory Panel's main report in 1992.

In the meantime, the government's fiscal situation was deteriorating. In December, 1991, the government announced a 2 per cent increase in welfare benefits for the coming year, less than half the rate of inflation. A new Minister for Community and Social Services, Marion Boyd, told the legislature:

³⁴ The Ministry's report on implementation of the recommendations of Back on Track is included as Appendix A of Time For Action (Ontario. Advisory Group on New Social Assistance Legislation. 1992: 203-210)

We cannot avoid hard reality. The recession is not over, not over for those on welfare and not over for all of us who, through our taxes to the province and the municipalities, fund social assistance programs.³⁵

Activists led by John Clarke of the Ontario Coalition Against Poverty (OCAP) cried “Shame!” from the viewing gallery and were forcibly ejected (Hall, Chris 1991). Boyd defended this decision by pointing to the rapidly increasing welfare case loads. More than a million Ontarians, 10 per cent of the province’s population, were now relying on social assistance, an increase of 39 per cent in one year. Everyone agreed that this was shameful, she said, adding that this was a burden on the municipalities and their “regressive” property tax base. She added that the government was moving at the same time with several initiatives to promote training and employment creation, and referred to the launch of the Ontario Training and Adjustment Board (OTAB) in the previous week.³⁶

Time For Action followed in May, 1992. By this time, the economy of Ontario was in its worst recession since the 1930s and social assistance had become, according to the Advisory Group, “the single most significant program in Ontario to respond to the

³⁵ Ontario Hansard December 5, 1991.

³⁶ There are several accounts of the history of the Ontario Training and Adjustment Board that also discuss the broader set of active labour-market measures initiated by the Peterson and Rae governments (Wolfe 1997; Bradford 1998; Klassen 2000; Rutherford 2001; Bradford 2003).

problem of poverty and economic dislocation” (Ontario. Advisory Group on New Social Assistance Legislation. 1992: 3). From June 1990 to June 1991, the report stated, the proportion of the population of Ontario under age 60 relying on social assistance had risen from 8 per cent to 14 per cent, and this ratio was still growing in 1992. The Advisory Group attributed this not only to the economic crisis *per se* but also to the curtailment of other social, health, and employment programs and services, especially Unemployment Insurance, leaving the social assistance system as the only backstop. “A system intended to be a last resort for people in need,” the Advisory Group concluded, “has become instead Ontario’s main line of defence against economic adversity” (Ibid.). Social assistance costs had risen from \$2.5 billion in 1989-90 to \$5.2 billion in 1991-92, and were expected to exceed \$6 billion in 1992-93. Moreover, the “cap on CAP” meant that all but the first 5 per cent of the increased expense each year was borne entirely by the provincial and municipal governments. As Courchene has pointed out, at the margin Ontario was paying 100 per cent of the cost for each additional social assistance recipient; this contributed significantly to what he has called the “fiscalamity” of Ontario’s NDP government in the 1990s (Courchene 1998).

Despite the fiscal constraints, Time For Action urged the government to move even further in the direction of a redistributionist model of social assistance than Transitions had done. It developed an extended argument against any use of coercion or conditionality in the implementation of opportunity planning, pointing out that the real

problem would be developing the capacity to offer the service, not the willingness of social assistance recipients to use it (pp. 82-86). Denial of full benefits, the Advisory Group added, would violate the rights of citizens in need to the necessities of life. It would, moreover, be an exercise of power by the state in a highly unequal relationship:

Like SARC, we endorse the principle of mutual responsibility. But we see a stark imbalance in the relationship between a single recipient and the state. It can hardly be called a balance of obligations when on one side is the state, with all its resources, and on the other, is one individual, who is dependent on the assistance of the state for economic survival. The state does not need the additional power of coercion on its side. (p. 85)

Time For Action warned that the social assistance system was “under attack by critics on both sides of the political spectrum” (p. 2). It was not only those of the redistributionist persuasion on the left criticizing the system; increasingly, the criticism involved attacks, more typical of the New Right, on the undue generosity and lax controls of the system. One key indicator of this trend was the rapid increase of stories in the media about “welfare fraud”. A survey of ten major Canadian daily newspapers indicates that the number of stories featuring this phrase increased more than thirteen fold during the early 1990s, from 22 in 1990 to 295 in 1993.³⁷ Attacks on “welfare bums,” “welfare cheats,” and the welfare state itself were nothing new by 1992, of course, and some of the media

³⁷ Author’s calculations, based on the Newsstand database of ProQuest.

accounts aimed to puncture these old myths, but this discourse had begun to take on much greater salience in debates about welfare reform.

Four years earlier, the SARC had attempted to estimate the extent of welfare fraud in Ontario and had commissioned a study of the issue by the international accounting and consulting firm Peat Marwick (Ontario. Social Assistance Review Committee 1988: 379ff). Although reliable data was scarce, the Peat Marwick report estimated that between 3 and 4 per cent of recipients committed some kind of fraud. The main type was an unreported “spouse in the house” providing support, which accounted for an estimated 60 per cent of welfare fraud cases. Unreported labour-market income made up about 20 per cent of cases, and the balance involved such things as unreported liquid assets and unreported changes of circumstances. The SARC observed that the “spouse-in-the-house rule” had been relaxed in 1987; it would only apply after cohabitation had continued for three years. This would have reduced the rate of fraud to less than 2 per cent, by Peat Marwick’s estimate. The SARC also argued that the inadequacy of benefits made fraud more likely and increased the likelihood that “compassionate social assistance workers” would “turn a blind eye to extra earnings and assets” (Ibid.: 384).

Peat Marwick had also reported that public perceptions of abuse of social assistance were not in accord with the reality. About one-third of the public believed that abuse was “widespread”, and another 50 per cent said there was “some abuse.” Less than 15 per

cent were of the opinion that there were “only a few cases, but you hear more about them” (Ibid.: 381). The SARC had concluded from this that it would be important to demonstrate the integrity of the system; it recommended establishing a centralized unit with branch offices around the province to ascertain the extent of fraud, to develop methods of detecting it, and to investigate allegations (Ibid.: 384).

By the early 1990s, negative public perceptions of social assistance were exacerbated by the growing fiscal burden borne by the provincial and municipal governments. In his account of the Rae government, Thomas Walkom observes that 1992 was “the real breakpoint in the government’s attitude towards social assistance” (Walkom 1994b: 197).

Despite a positive initial response from Minister Marion Boyd, Time For Action was not well received by the NDP government. “We expected something different,” one senior political aide told Walkom. “He [Moscovitch] didn’t take into account the recession and mass unemployment. We wanted something better and more social-democratic – geared more to training and an active labour market” (Ibid. 197-8). This comment is puzzling in light of the actual contents of Time For Action. The report placed strong emphasis on the efficiencies to be gained by merging FBA and GWA. It evaluated and endorsed the Supports to Employment Program (STEP) as an effective means of facilitating transitions from welfare to work and recommended expanding its incentives for education and training. It strongly recommended proceeding with opportunity planning, a method that would complement the government’s broader strategy for training and other active labour

market measures. Time For Action was, if anything, more social-democratic in its recommendations than Transitions had been.

The cool reception to the report is perhaps best explained by Walkom's interpretation of the senior aide's comments: "In particular, the government did not want to spend a great deal of money" (Ibid.). By May 1992, the government was deeply mired in a fiscal crisis and was searching for ways out of it. On May 6, prior to the release of Time For Action, Minister Boyd had announced a series of measures aimed at reducing social assistance expenditures by \$300 million annually.³⁸ These included cutbacks in eligibility to the Supports to Employment Program (STEP); income supplements would no longer be made available to people already employed and earning "moderate" incomes. STEP was designed to facilitate movement from welfare to work, she explained, not to encourage working people to take up welfare benefits. The Minister also announced intensified efforts to reduce welfare fraud, improve the efficiency of the system, and enforce child support payments "to ensure that parents retain primary responsibility for the support of their children". Although Time For Action envisaged efficiencies to be derived from the reforms it advocated, and did not propose increases in total expenditure, it did emphasize adequacy and fairness in a system of benefits based on need; this may have led key

³⁸ Ontario Hansard May 6, 1992

decision-makers in the government to view it as concerned primarily with passive income support rather than training and other active labour market measures. The objective of simply reducing social assistance expenditures was becoming a more important priority.

The federal contribution to Ontario's social assistance costs through CAP declined from 50 per cent in 1989-90 to 28 per cent in 1992-93 (Ontario. Ministry of Community and Social Services 1993: 8), and the numbers receiving social assistance continued to grow. In this climate, Walkom reports (1994b: 198-203), the Ontario cabinet began a serious discussion of the possibility of reducing welfare benefits as one among a number of drastic measures to reduce the deficit. In historical context, this debate has been eclipsed by the much higher profile decision of the government in 1993 to introduce its "Social Contract" legislation, by which it unilaterally re-opened the collective agreements of its 90,000 public sector employees and rolled back their wages. The closely-related "Expenditure Control Program" cut transfers by almost \$4 billion to the broader public sector, including all provincial government ministries, municipalities, school boards, universities, colleges, and hospitals. The government did not cut social assistance benefit rates, but it strengthened the oversight of case management "to ensure eligibility and accurate benefit levels," further reduced the level of exempted income that recipients could earn under the STEP, and eliminated a number of other income exemptions and special benefits. It estimated savings of \$178.3 million from the \$6.15 billion social

assistance budget, less than 3 per cent. If it had not been for the political storm created by the Social Contract legislation, these cuts might have been viewed as a temporary setback on the road to progressive welfare reform. Taken together, however, the Social Contract legislation and the Expenditure Control Program had disastrous consequences for the relationship of the NDP government with its traditional constituencies in the labour movement, the antipoverty movement, and the broader public sector. This wider crisis created a climate of mistrust that weakened its ability to implement welfare reform.³⁹

In July 1993, more than a year after the release of Time For Action, yet another Minister of Community and Social Services, Tony Silipo,⁴⁰ released Turning Point, a discussion paper containing the government's proposals for welfare reform. In some respects, these resembled the reforms advocated by Transitions and Time For Action, but there were also significant differences. The province proposed to take over 100 per cent of the cost of all social assistance programs; in return, the municipalities would take over some

³⁹ The larger story of the fiscal and political crisis of the Rae government cannot be told here. For a range of interpretations, see Ehring and Roberts (1993), Walkom (1994b), Schwartz (1994), Jenson and Mahon (1995), Monahan (1995), Rae (1996), Rachlis and Wolfe (1997), Courchene (1998), and Panitch and Swartz (2003: Ch. 8).

⁴⁰ Silipo had been appointed in a cabinet shuffle in February 1993 to replace Marion Boyd, who was appointed Attorney General. Boyd was widely viewed as one of the most capable ministers in the Rae government, while Silipo as Minister of Education "had antagonized almost every constituent group in the education field, from teachers to parents to school trustees" (Mackie 1993). Sheldrick says Silipo "was generally viewed as a weak minister who had been put in place in order to oversee the implementation of the government's new vision of welfare" (1998: 43).

unspecified but fiscally equivalent responsibility from the province. Social assistance benefits for children would be eliminated and replaced with an income-tested child benefit delivered through the income-tax system to both social assistance recipients and low-income wage earners. The GWA and FBA would be merged into a single Ontario Adult Benefit “to meet basic needs”. The dollar value of the Ontario Adult Benefit would be set in relation to the minimum wage, “in a way that ensures people are always better off working full-time”. In other words, it would be less than the minimum wage, but the province recommitted itself to its 1990 Throne Speech pledge to increase the minimum wage to 60 per cent of the average industrial wage “as economic conditions permit.” People with disabilities and others who were unable to work would receive extra financial assistance under the Ontario Adult Benefit. A third program, Job Link, would be made available to Ontario Adult Benefit recipients; it would replace the Ontario Adult Benefit cheque with a higher Employment and Training Allowance. Job Link would, when the program reached full size, place Ontario Adult Benefit clients “in more than 100,000 targeted spaces per year in Ontario’s high schools, community colleges, training courses, literacy programs, English as a Second Language courses, skills upgrading, and pre-employment programs. It [would] also have the capacity to connect clients to apprenticeship programs and workplaces.” A related program, jobsOntario *Training* (sic), established in May 1992 and operated by the Ministry of Education and Training through local agencies, including municipalities, subsidized employers who hired social

assistance recipients and other unemployed workers without UI benefits provided they had an approved training plan. Turning Point reported that jobsOntario *Training* had created 26,933 jobs by June 1993.

Turning Point, which circulated with a set of fact sheets designed to stimulate feedback from the public, begged a number of important questions. The most critical was the proposed dollar value of benefits. No values were proposed for any of the three programs. Would the child benefit fully replace the value of the existing social assistance allowances for dependants? The Ontario Adult Benefit would clearly be less than the minimum wage, which at the time was \$6.35 per hour, insufficient to provide a single adult working full-time with an income above the Low-Income Cut Off (LICO) for large urban centres in Ontario (Walkom 1993). The document contained no mention of STEP at all. Would sole-support parents be included among those who could not reasonably be expected to work? The document mentioned only older persons and persons with disabilities. How much extra income would a person receive by enrolling in Job Link? Since there were 600,000 social assistance recipients and a plan to offer a maximum of 100,000 Job Link places, the proposals seemed to be setting up a massive number of exclusions. When the Minister was asked about this aspect of the program on the CBC Radio, he replied that people would also be able to qualify for the higher Employment and Training Allowance benefit by doing volunteer work (Walkom 1993). To many activists, the overall design of the program sounded much like workfare and learnfare.

On a visit to Ottawa-Carleton later in July 1993, the Minister clarified his position somewhat. According to the Ottawa Citizen, Silipo said in response to a councillor from Vanier who wanted to “put able-bodied welfare recipients to work for the cities in which they live” that he would consider proposals from municipalities that wanted to “offer” unpaid work to welfare recipients, provided any such program had “checks and balances”. Specifically, any such program should be voluntary, should be endorsed by unions, and should not replace workers who had been laid off; otherwise, he said, it would be workfare. This left the impression, however, that such “voluntary” labour might be necessary to qualify for the higher Employment and Training Allowance benefit. Linda Lalonde, chairman of Ottawa’s Social Assistance Recipients Council, condemned the Vanier councillor’s proposal as an attempt to obtain “slave labour.” There was nothing wrong with volunteer work, she said, but it would be “improper to force people to work in exchange for welfare” (Ottawa Citizen 1993).

The Ontario NDP government’s fiscal crisis continued into 1994. By March, as Thomas Walkom describes it, the provincial government had a no-win set of choices: either proceed with welfare reform and allow the deficit to rise to over \$10 billion or scale back its plans for welfare reform and further alienate its traditional constituency. When federal Minister of Finance, Paul Martin, announced that the Liberal government would continue the Conservative policy of limiting increases in CAP payments to the “have” provinces, Premier Bob Rae announced that his government’s plans for welfare reform would have

to be scaled back, and blamed the federal government for the decision (Walkom 1994b: 201). Specific details were not announced until June, when Minister Silipo presented a welfare reform plan that had been reduced to almost nothing at all.⁴¹ The only element remaining from Turning Point was the Job Link program, which was to receive an additional \$25 million to establish eight resource centres around the province to provide information to job seekers. He made no mention at all of the child benefit or of the plans to merge the GWA and the FBA. Silipo portrayed this meagre effort as

our government's plans to reform welfare in Ontario into an active program that will get people off welfare and back to work. Our new system, JobLink Ontario, will fit each person with a set of tailor-made supports that they require to enter today's job market and stay off welfare.

This announcement was attacked from both the left and the right. Activists, politicians, and the media alike expressed their disappointment and derision (Brennan 1994; McInnes 1994; Walkom 1994a). All of the effort since the SARC was commissioned in 1986 had come down to this one program which could not be expected to have any significant impact of any kind, redistributionist or workfarist. In the legislature, Conservative leader Mike Harris made no attempt to conceal his contempt, attacking the NDP government's failure to carry off its long-standing commitment to welfare reform. To Silipo, he said:

⁴¹ Ontario Hansard June 21, 1994.

You lost the battle. The Premier and the cabinet gutted your commitment to welfare reform. Today's announcement is unfortunately a signal that as far as the NDP is concerned, as far as this government is concerned, Thomson, SARC, the welfare reform so badly needed are dead. They're dead.⁴²

It was Harris who now claimed the mantle of the SARC and Transitions. He went on to refer to his party's own plan, adopted in May 1994, called the Common Sense Revolution:

In the Common Sense Revolution we committed \$500 million to reforming a disastrous, failed welfare system in the province of Ontario, \$500 million to implement the kinds of reforms that are required....

This would become his party's primary issue over the year to come. It would be the dominant issue in the election campaign of 1995, and it would put Harris and his CSR into government a year later.

5.3 The Common Sense Revolution

5.3.1 Election victory

Mike Harris's Progressive Conservatives (PCs) won the Ontario provincial election in 1995 on the strength of their party platform, the "Common Sense Revolution" (CSR), the central plank of which was a 30 per cent cut in the provincial income tax and a 20 per

⁴² Ibid.

cent reduction in government expenditures (Ontario PC Party 1994). Some observers have pointed to the U.S. Republican Party's 1994 "Contract with America" as the inspiration for the CSR, and there is some evidence for this (Woolstencroft 1997: 45) (Peck 2001: 236), but the CSR was carefully crafted by a small group of neoconservative PC Party activists to appeal to the concerns of middle-class Ontario voters (Ibbitson 1997: Ch. 3). In particular, the CSR promised that there would be no reduction in funding for health care, law enforcement, or "classroom funding" of public education. Extensive polling and focus group discussions had convinced them that these components of public expenditure were valued by their middle-class target group (Ibid.). Instead, the leading target for expenditure cuts was social assistance. The CSR promised that a PC government would reduce welfare benefits to a level 10 per cent above the average of the other provinces of Canada; this would turn out to be a cut of more than 20 per cent. It also promised to introduce workfare and learnfare policies, "to replace welfare with a work, education and training social policy that rewards individual initiative and demands responsible behaviour from recipients of public assistance, even as it expands opportunities to achieve self-sufficiency." All able-bodied social assistance recipients, the CSR promised, with the exception of single parents of young children, would be required to work or to be retrained in return for their benefits.

Workfare became the central issue of the 1995 Ontario election campaign (Ibbitson 1997). By one account, it was "the visceral issue" (Walkom 1995b). The PCs used it as a

wedge issue, that is, as an issue designed to distinguish them from the other parties by putting the preferences of an electoral majority in their camp over against the interests of a minority of the population, in this case social assistance recipients.⁴³ Public opinion polls had shown that a majority of Canadians, when asked, favoured making welfare recipients work for their benefits (Evans 1995). The PCs had confirmed this in their own polling and focus group research in Ontario (Ibbitson 1997: Ch. 3). In the CSR, the Harris PCs laid a firm claim to this position.

Neither the Ontario Liberal Party nor the NDP was willing to do this; indeed, workfare had been precluded by the rules of the Canada Assistance Plan and only became feasible for a provincial government when the federal Liberal government made its unilateral decision to terminate the CAP and replace it with the Canada Health and Social Transfer earlier in 1995. Late in the 1995 Ontario election campaign, Liberal Party leader Lyn McLeod attempted to regain a portion of the electorate who were moving to the PCs by promising a system of “mandatory opportunity”. Like the NDP proposals in Turning Point, “mandatory opportunity” would be a two-tier system in which those who entered training programs would receive benefits higher than those who did not, in this case by 30 per cent (Rusk 1995). This was clearly a heat-of-the-moment election promise and

⁴³ For this definition of a wedge issue see Iyengar (2004).

said nothing about the major problem of how to provide such opportunities to large numbers of people. It was, however, belated recognition that most voters favoured workfare and many were planning to vote on the basis of that issue in the election. It moved the Ontario Liberal Party into a “workfarist” policy stance, in the broad sense of the term discussed in Chapter 3.

In the CSR, the PCs also undertook to reduce the provincial public service by 15 per cent, a reduction of more than 13,000 jobs. They pledged to repeal the NDP’s labour legislation that had outlawed the use of scab labour during a strike. They also promised to economize on education spending: “Too much money is now being spent on consultants, bureaucracy and administration,” the CSR said. “Not enough is being invested in students directly.”

The CSR linked these promises rhetorically. That is, social assistance recipients were linked with “labour bosses”, “bureaucrats”, “consultants,” and, implicitly, teachers, and situated firmly in the category of “other”. The sub-text was not subtle; if there was one thing these groups had in common, the CSR said between the lines, it was their hands in the pockets of middle-class taxpayers. The CSR aimed to build an electoral majority composed of the PC Party’s traditional rural base, urban and suburban middle-class voters seeking tax reductions, and business interests seeking both tax relief and a reversal of the NDP’s labour legislation. To do this, it abandoned the traditional discursive

strategy familiar to Canadians, that is, one that attempts to build a broad coalition by appealing to as many sectors of the population as possible, recognizing and attempting to accommodate differences in the population, depoliticizing them by delinking them from one another. Instead, the CSR identified, grouped, and blamed specific elements of the population for Ontario's problems, and prominent among these scapegoats were social assistance recipients.

The Common Sense Revolution was a highly successful election platform. From the beginning of the 1995 election campaign to the end, the Liberals dropped from over 50 per cent in the polls to 31 per cent on election day, while the PCs rose from 25 to 45 per cent. The NDP, which had decimated its own constituency by means of the Social Contract, began at 17 per cent and finished with 21 per cent. Under a different electoral system, this might have produced a majority of MPPs opposed to work-enforcing welfare reform, but in the first-past-the-post system it gave the PCs a majority of seats in the legislature. In short, the Harris-led PCs were no aliens, as some of their critics suggested.⁴⁴ They were elected because they appealed successfully to the core values and immediate concerns of enough Ontario voters to give them control of the provincial state. Years later, even Bob Rae acknowledged this when he told a journalist:

⁴⁴ One published account of the Harris government is entitled Alien Invasion (Cohen 2001).

What we were not sufficiently aware of was the extent to which the recession had shaken people. The recession, combined with a very progressive agenda on a whole number of fronts, created a level of anxiety among working families to which we were not sufficiently sensitive. And Harris was (Ibbitson 2002).

This point deserves to be underlined. The CSR was not an alien invasion; it was a judicious blend of neoconservative ideology, inspired by American and British models, and home-grown conservative values. Workfare rose to the top of the agenda as a useful wedge issue for the election campaign, driven by public anxiety around welfare dependency and welfare fraud.

Viewed from a Regulationist theoretic perspective, a workfarist policy may be analyzed as a way of ensuring an adequate low-wage labour supply in the post-Fordist economy. However, its proximate cause in this case was its utility in an election campaign, driven by a pre-existing public anxiety. The CSR may have pumped up this anxiety, but it did not create it.

5.3.2 Benefit and funding cuts

The first decision of the Harris government with respect to social assistance after it took office in June 1995, however, was not to introduce workfare; it was to reduce welfare benefits by 21.6 per cent, effective October 1st. The Finance Minister, Ernie Eves, made the announcement on July 21st, a few weeks after taking office and well before the first meeting of the new legislature and throne speech, in the context of a set of spending cuts

that aimed to reduce government expenditures in the 1995-96 fiscal year alone by \$1.9 billion (Eves 1995). Seniors on social assistance (that is, a small number of non-citizen residents not eligible for Old Age Security, the Guaranteed Income Supplement, or Canada Pension Plan benefits) and people with disabilities would be exempted from the cuts. Others would be permitted to earn back the difference in labour-market income before any deductions were made from their benefits. The reduction of social assistance benefits alone would save the provincial treasury \$469 million in 1995-96 and \$938 million in 1996-97, Eves said. This was by far the largest single spending cut in the package. Eves also announced that the government would introduce “new measures to tighten eligibility and reduce fraud” for savings of “up to \$15 million” in 1995-96. At the same time, the government cancelled the jobsOntario Training and Community Action programs along with funding for the 14,000 jobsOntario-funded childcare spaces designed to facilitate the entry of women with low incomes into the labour market; these spaces would now have to be cost-shared with municipalities on an 80/20 basis. The government also placed a moratorium on the development of non-profit housing, cut back funding for youth employment programs, and stopped a program of conversion from for-profit to non-profit childcare. Eves also announced plans for further reductions in spending by a number of ministries; these included across-the-board cuts to social service agencies funded by the Ministry of Community and Social Services (MCSS) of \$44 million in 1995-96 and \$88 million in 1996-97. These resulted in sharp cuts to

community-based agencies such as Children's Aid Societies and women's shelters.

Eves defended these cuts by reference to a "spending crisis" and a projected provincial deficit of more than \$10 billion in 1995-96 if no such action was taken. However, the political agenda of the CSR was evident in the pattern of choices made. Individual social assistance recipients were to make the largest contribution to these savings, and social programs designed to provide support of various kinds (housing, employment, child care) to people with low incomes were prominent in the retrenchment plan. The government also took the opportunity to close down the Royal Commission on Workers Compensation, reduce funding for the Employment Equity Commission pending repeal of the Employment Equity Act, and reduce funding for the Advocacy Commission, a support to mentally handicapped people in dealing with the government, pending repeal of the Advocacy Act. It also capped pay equity payments in the public service and broader public sector.

Eves's announcement received mildly positive reviews from the business community as "a start" to deficit reduction (see, for example, Demont 1995), but the labour movement, other social movements, and some media were quick to link these cuts with the government's plans to reduce personal income taxes by 30 per cent. For example, a column by Thomas Walkom in the Toronto Star the next day ran under the headline, "The poor lose today so the rich can gain tomorrow" (Walkom 1995a). Spokespersons for

public sector unions such as the Canadian Union of Public Employees (CUPE) and the Ontario Public Service Employees Union (OPSEU) were prominent critics, as were childcare advocates and defenders of other social programs, including municipal leaders like Metro Toronto chairman Alan Tonks, concerned about the social impact of the cuts upon their cities (Ibbitson 1997: 120). The Common Sense Revolution was serving to create a sense of common purpose among the sectors of society that the CSR had linked rhetorically and that the Harris government was now targeting materially.

5.3.3 Welfare reform

The new government gave formal notice of its broader plans for welfare reform in its throne speech in September 1995:

The centrepiece of this government's strategy to convert welfare from a handout to a hand-up is mandatory workfare and learnfare – a reform to which your government remains as committed today as ever.

During this session, the new government will begin to require able-bodied welfare recipients, except single parents with small children, to perform community service or enroll in work or training programs in exchange for their benefits. Those who refuse to participate will lose their benefits (Ontario Hansard, September 27, 1995).

Welfare reform was central to the Harris government's agenda. It had been a prominent component of the Common Sense Revolution and a winning issue in the election. The reform package, when it came, was inspired by American workfare programs, notably the

Wisconsin Works model, which served both as a model and as a source of legitimacy (Peck 2001: 6).

The government announced Ontario's program, to be called Ontario Works, in June 1996. However, the program roll-out took place over several years. The government launched Ontario Works as a program within the pre-existing legislative framework and at first applied it only to General Welfare Assistance (GWA) recipients and not to those supported under the Family Benefits Act (FBA) program. In November 1997, the government's Social Assistance Reform Act merged the GWA and the FBA programs; all social assistance was to be provided through the Ontario Works program except for support to people with long-term disabilities, which was to be channelled through the new Ontario Disability Support Program (ODSP). The regulations mandated by the Social Assistance Reform Act for Ontario Works appeared in May 1998, and the complete set of directives governing the administration of the program were completed only in September 2001. New program features continue to appear up to the time of writing; Ontario Works remains in many respects a work-in-progress.

Here I will briefly review and comment upon the main features of the Ontario Works program as set out in the initial set of program guidelines circulated in 1996⁴⁵, the 1997 Act, the 1998 Regulations, and the 2001 Directives,⁴⁶ without detailed reference to the chronology of the program roll-out. (I will use the present tense in the description of the program, with the caveat that some features changed over time; I will identify these where appropriate.) In Chapter 7, I will describe the response to Ontario Works in the City of Ottawa, where program implementation began in September 1997; there, the chronology will have greater relevance to the account.

Given the political climate in which Ontario Works was introduced – the public anxiety over welfare fraud, the emphasis on work enforcement in the policy statements of the government, the hostile reaction to the benefit cuts announced in 1995 – the friendly language employed to express the principles of the program is striking. The 1996 summary document introducing Ontario Works for the first time states:

⁴⁵ Summary circulated by the MCSS in August 1996 (Ontario. Ministry of Community and Social Services 1996).

⁴⁶ The Ontario Works Act (1997) is Schedule A of the Social Assistance Reform Act (1997). The Act and Regulations can be found on-line in October 2006 at <http://www.canlii.org/on/laws/sta/1997c.25sch.a/index.html>. The complete set of Directives based on the Act and Regulations can be found in October 2006 at the Web site of the Ministry of Community and Social Services http://www.mcscs.gov.on.ca/mcss/english/pillars/social/ow-directives/ow_policy_directives.htm. At least some of the changes made to Ontario Works by the Liberal government elected in 2003 are not reflected in the Directives posted on the Web site in October 2006.

Early implementation of Ontario Works is the first step in a new vision of social assistance in Ontario that respects people's dignity, enhances their self-esteem, and fosters independence, self-reliance, and community contribution (Ontario. Ministry of Community and Social Services 1996: 1).

The same rhetorical approach is still present five years later in the program's Directives. Directive 7, for example, states that the following decision-making principles should apply when each Ontario Works "participant" is completing a Participation Agreement with the front-line caseworker:

the degree of service intervention must be consistent with the needs of the applicant or participant taking into account the local labour market - no less or no more than is required to support the applicant or participant in finding, obtaining and maintaining employment; and

the negotiation, and any subsequent re-negotiation, of a Participation Agreement must be based on the applicant's or participant's employment related skills, needs and circumstances, i.e. the Participation Agreement is "participant-centred".

It is not surprising, therefore, that many social assistance recipients believed that the new program would help them. An Environics poll published by the Toronto Star in April 1996 found that 71 per cent of unemployed people in Ontario believed that workfare would lead to desirable job opportunities (Walker 1996a).

Behind the phrase "no more and no less than is required", however, lies Principle Number 1 of the Ontario Works program:

Delivery agents must focus on supporting participants to participate actively in determining and taking steps that represent the shortest route to employment for the individual participant and on other measures to support system integrity (Directive 2.0, p.2).

The principle that participants must take “the shortest route to employment” clearly marks Ontario Works as a “work-first” or “short-term labour-force-attachment” program. The rationale for this approach includes, of course, the obvious interest of the provincial government in reducing the welfare caseload in order to ease its fiscal burden, but it goes beyond this. It is based on the argument that any job is a good job since it is a source of self-esteem and a stepping stone to better jobs in the future. A Globe and Mail editorial of September 17, 1997 makes this argument concisely:

We need more low-skill, low-wage jobs, not fewer. Getting people into a job, any job, is far more important to their self-respect and their economic prospects than forcing them either to wait for a more interesting and well-paid job that may never come or to take expensive but too-often-worthless job training. One becomes a worker by working. One's value as a worker rises with the experience and skills acquired on the job.... Politicians who genuinely care about the plight of the unemployed will brave misguided popular prejudice against "McJobs" and create the conditions in which low-wage work flourishes.

In the supply-side logic underlying this view, a work-first program helps to create the conditions in which low-wage work flourishes by increasing the supply of workers under pressure to accept the first available job. Potential employers become aware of the increased availability of workers willing to accept low-wage employment, and expand

their demand for such workers accordingly. In the short term, some workers may be displaced in the competition for a fixed number of jobs, but in the long term, it is claimed, demand in the low-wage sectors of the labour market expands as a result of this increased supply. Moreover, the expansion of low-wage employment makes it possible to have higher overall levels of employment, and lower levels of unemployment, without increasing inflationary pressures. (On this point see Peck and Theodore 2000a; Peck 2001: 356-8)

The heavy emphasis on work enforcement in the government's communication strategy created the popular belief that all social assistance recipients would soon be out painting park benches, doing environmental clean-up, or similar work, in return for their benefits. Indeed, this might have been the intention of the drafters of the Common Sense Revolution. The first public document presenting a summary of the program carries a logo on the cover that reads: "Ontario Works: Ontario's work-for-welfare program" (Ontario. Ministry of Community and Social Services 1996). In practice, the program design is more complex than this, and the local delivery agent (typically the social services department of an urban municipality or a rural county) has a degree of discretion in adapting it to local conditions. Let us briefly review the program from the perspective of a new applicant.

Persons applying for social assistance are first required to show proof of their destitution. Directive 15.0 establishes asset limits above which a person or household is considered ineligible for assistance. For a single person, the asset limit is \$520. For a single parent with one child, it is \$1,457; the limit increases by \$500 for each additional child. For a couple, it is \$901; for a couple with one child it rises to \$1530, plus \$500 for each additional child.⁴⁷ These asset limits are substantially lower than the maximums established under CAP and in force in Ontario in the 1980s: for example, the limit then was \$2,500 for a single person and \$5,000 for a single person with one child (Moscovitch 1990). The applicant's principal residence is exempted as an asset, as is a vehicle with a value of \$5000 or less, as well as property considered necessary for personal use, such as household furniture. Business assets of up to \$10,000 and necessary farm machinery are also exempted. With these and a few other scheduled exemptions, all other assets must be exhausted before a person or household may be considered eligible for social assistance and entry to the Ontario Works program. In 2000, an exemption on savings held in Registered Retirement Savings Plans (RRSPs) was terminated; after that date all RRSPs not in "locked-in" plans had to be exhausted before a person or household could become eligible for social assistance. The Harris government also re-established the "spouse-in-

⁴⁷ Asset levels were increased for Ontario Works clients in March 2005. The new limits were \$536 for a single person, \$1,487 for a lone parent with one child and \$2,062 for a couple with two children (National Council of Welfare 2006).

the-house” rule that had been relaxed in 1987; an adult person of either sex residing with an applicant can be considered a cohabiting spouse if they met any one of a large number of indicators, including sharing the household chores (Directive 19.0). Any such person’s assets are now included in the household tally.

Having established their eligibility, applicants for social assistance must then attend an employment information session where they are introduced to the mandatory requirements and obligations under Ontario Works, the range of measures provided by the local delivery agent, and information on local labour-market conditions. The tone of this session depends to a large degree on the discretion of the local delivery agent. Leah Vosko describes a municipal program called Workfirst in Peel Region that fell under Ontario Works in which the information session served an ideological function, socializing applicants at an early stage in the process to an acceptance of precarious employment as normal (Vosko 2000: 230-49).

Each applicant must then meet with a front-line caseworker to develop a Participation Agreement. Here their skills, needs, and circumstances are assessed in relation to local labour market conditions and an individualized plan worked out and signed; from this point they are considered Ontario Works “participants”. The plan, in principle, outlines the shortest route to employment for the individual. Eligible seniors and single parents of pre-school-age children are exempted from work obligations, but can participate in

approved Ontario Works activities if they choose to do so. During an initial four-month period, participants are normally assigned to the “independent job search” category, during which no further obligations are required and no other services provided. After the four-month period, they are assigned to one or more activities, as stipulated in their Participation Agreement. The activities were originally organized into three streams: Employment Placement, Employment Support, and Community Participation. Each stream may include several options or combinations of activities, depending on the programs developed by the local delivery agent. A fourth stream, introduced in 1999 for teenage mothers, is called the Learning, Earning, and Parenting (LEAP) program.

Employment Placement involves measures to place “job-ready” participants directly into available jobs in the local labour market. In this stream, the local delivery agent or a contracted for-profit or non-profit agency screens participants and arranges job placements with employers. Subsidies of up to \$4000 per employer for each placement are available for training and supervision during the first six months of employment. Originally, temporary employment agencies were not eligible to be contracted to provide this service; this rule was later modified to allow them to do so, but only when placing participants in legitimate long-term employment with an employer. Placements where the participant would be an employee of the temporary employment agency and sent out on short-term assignments are not recognized as legitimate Ontario Works placements. While a participant assigned to this stream is waiting for a placement, they may also be

required to participate in one of the other streams. Participants who are deemed capable and who have an acceptable business idea can receive training and modest levels of support for self-employment; training and support for self-employment are also typically contracted out to local agencies.

Employment Support is what the Harris government meant by “learnfare”. It includes a number of measures for people who are not considered “job-ready”. These could include basic education up to the equivalent of a high school diploma, literacy education, training in specific job skills, or enrollment in an addiction recovery program. Where appropriate, the four-month independent job search period may be waived if such supports seem to be necessary. Again, the local delivery agent is responsible for identifying suitable measures, and may contract non-profit or for-profit agencies to provide them. Principle number one still applies, however: any measure or set of measures must represent the “shortest route to employment” for the participant.

Community Participation, the third stream, is the workfare program. Ontario Works may require a participant to accept an “offer” of a community placement with a non-profit or public organization, either as their sole obligation or as a supplementary requirement to other activities. For example, students undertaking basic education may be required to accept a community placement during the summer vacation period. Ontario Works describes a community placement as a type of employment support, providing

participants with work experience, skills, and opportunities to network (Directive 41).

According to Directive 41, community placements may only be made with non-profit or public organizations and may not displace paid employment, directly or indirectly, in the participating organization or in any related organization; no placement can be made where workers are on strike. Private-sector organizations may offer financial or in-kind support but “may not directly or indirectly offer, administer or supervise community placements” (Directive 41, p.6). Placements may not exceed the number of hours per month determined by dividing a participant’s monthly benefits by the hourly minimum wage plus vacation pay of four per cent; the upper limit is 70 hours per month for a maximum of six months. Participants are protected to the extent that is provided by the Ontario Human Rights Code, the Occupational Health and Safety Act, and the Employment Standards Act, and are insured by Workplace Safety and Insurance Board Coverage.

This detailed attention to labour issues in the 2001 directive came in the wake of several years of confrontation with the province’s labour movement. In 1998, the government brought in supplementary legislation entitled “An Act to Prevent Unionization with Respect to Community Participation under the Ontario Works Act, 1997”, prohibiting participants in community placements from joining a union, bargaining collectively, or striking. Introducing the bill, the Minister of Community and Social Services, Janet

Ecker, blamed union leaders who were pressuring social agencies not to accept workfare placements and threatening to organize people on workfare. CUPE Ontario president Sid Ryan accused Ecker in turn of preparing the way for expanding workfare into the private sector and replacing paid workers with “workfare recipients”. Ecker denied any plan to displace paid workers, saying any such move would be “self-defeating’, since the aim of Ontario Works was to move people into paid employment as quickly as possible (Philp 1998). The government had already announced its intention to expand workfare into the private sector, but when details were announced in December, 1998, this turned out to be nothing more than provision of the training subsidies to employers mentioned above as part of the Employment Placement program. This support for on-the-job training was similar to the NDP’s jobsOntario Training program, except that far less funding was provided to the program for this element.

In retrospect, we can make two observations about this legislation preventing unionization by workfare participants. First, it provided the Harris government with another political opportunity to link social assistance recipients with “labour bosses”, strengthening the equivalence it had set up between them in the Common Sense Revolution document. This strategy is reflected in the harsh title of the bill, a stark contrast to the discourse of dignity and self-esteem with which Ontario Works was

usually presented.⁴⁸ Second, it seems clear in retrospect that the government really did recognize that any attempt to displace paid employees with people on workfare assignments would be self-defeating. There was a fear at the time among labour and antipoverty activists that workfare would become a new, permanent sub-minimum-wage stratum in the labour market and displace large numbers of paid employees, especially in the public sector (see, for example, Workfare Watch Bulletin #1 (1997), as well as Hollingsworth (2000)). Whatever the original intentions of the PC Party and the Harris government might have been, this has not happened.

In 1999, the government added a program targeting teenage mothers, entitled the Learning, Earning and Parenting (LEAP) program. Participation in LEAP is mandatory for 16- and 17-year-old “parents” (read mothers) receiving social assistance who have not completed high school, and is available to those aged 18 to 21. As its title suggests, the program has three elements. First, participants are required to continue in school toward the completion of a high school diploma. Second, their participation agreement should include measures that will facilitate school-to-work transition, such as a school co-op program, participation in the Ontario Youth Apprenticeship Program, a community

⁴⁸ As a Toronto Star editorial of May 19, 1998 put it: “A more usual name for such a bill might have been this: An Act to Allow Grateful Participants in the Ontario Workfare Program to Maximize Their Opportunities for Morally Beneficial Labour While Being Freed From the Onerous and Detrimental Financial Responsibilities that Would Undoubtedly be Associated With Joining a Union.”

placement (which is not mandatory for LEAP participants), or a part-time or summer job. Third, participants must take part in at least 35 hours of an approved parenting program that enhances their parenting skills and fosters healthy child development. The province promotes its Healthy Babies, Healthy Children program, delivered through local public health units, as one part of this element. Directive 39, which governs the LEAP program, places several obligations upon the local delivery agent. Participants are entitled to child care both during and outside school hours to support preparation for exams, homework, and participation in the other two program elements. They are also eligible for a wide range of further supports for transportation, school supplies, school clothing, educational trips, tutoring and counselling, fees for recreational activities, and any other supports deemed necessary. Each participant who receives a high school diploma and completes the parenting requirements receives a \$500 bursary toward their post-secondary education or deposit to a Registered Education Savings Plan for their child. However, the basic welfare benefit for one single parent and child remains the same as for other social assistance recipients in the same situation.

Compared to the other streams of Ontario Works, there has been very little criticism of the LEAP program, which on the surface appears to provide valuable assistance to an especially vulnerable sector of the population. Even its mandatory character seems to be more widely acceptable for a teen population which in Ontario has been subjected to compulsory schooling up to the age of 16 since 1919. It is worth asking, however, why

this should be the only program under Ontario Works designed specifically for youth. It is an undisguised program of moral regulation, based upon the assumption that teenage mothers need to be trained in acceptable methods of child rearing while also being prepared for their future role as workers. It provides resources not available to other Ontario Works participants, and even mandates priority to participants for access to child care services ahead of other social assistance recipients who may have just as much need.

5.3.4 Ontario Works as an extralocal rule regime

The welfare reforms of the Harris government, including the benefit cuts, received criticism from many sources – labour and social activists,⁴⁹ the popular media,⁵⁰ scholarly studies,⁵¹ and even the TD Bank.⁵² There is also a broader body of literature that critiques this kind of welfare policy.⁵³ I will provide a brief summary here of points already made in this and earlier chapters, from the perspective of the criteria established for progressive welfare and labour-market policy in Chapter 2.

⁴⁹ Of particular note is a series of bulletins and newsletters published on-line by Workfare Watch, a joint project of the Ontario Social Safety Network and the Social Planning Council of Toronto.

⁵⁰ The Toronto Star, the daily newspaper with the largest circulation in Canada, has been a consistent critic of Ontario Works.

⁵¹ There have been several scholarly critiques of the Ontario Works program (Lalonde 1997; Moscovitch 1997; Torjman 1997; Greene-Sang 1999; Hollingsworth 2000; Torjman 2000; Vosko 2000; Peck 2001; Herd 2002; Lightman, Mitchell and Herd 2004a, 2004b; Herd, Mitchell and Lightman 2005; De Wolff 2006)

⁵² See Drummond and Manning (2005).

First, the benefit rates were inadequate even before they were cut by 21.6 per cent in 1995, and they were not raised during the entire eight years of the Harris and Eves governments, a period during which Statistics Canada's Consumer Price Index rose by over 17 per cent.⁵⁴ The program did not, and still does not, provide adequate support to people in need. Second, the workfarist program assumptions are stigmatizing, suggesting that social assistance recipients must be forced to work. The program therefore reinforces both maldistribution and misrecognition. Third, the formula that mandates "the shortest route to employment" for each client creates a cycle in which people move between insecure, low-wage employment and stigmatizing, inadequate welfare. This reproduces and reinforces existing patterns of inequality and discrimination in the labour market. The disadvantages that come with the social class of one's family of origin, as well as one's gender, race and ethnicity, recent immigrant status, and related characteristics, are recreated and intensified. Fourth, the streaming of clients into different programs likewise reinforces existing inequalities: the most employable clients get jobs, while the least employable are warehoused or placed in make-work schemes. Fifth, the work-first policy also actually encourages the expansion of low-wage employment, undermining the wage

⁵³ See, for example, the following works (Sayeed 1995; Torjman 1996; Shragge 1997; Peck and Theodore 2000b; Russell 2000; Lødemel and Trickey 2001; Peck 2001, 2002).

⁵⁴ Statistics Canada, Consumer Price Index: Historical Summary Table 326-0002 (CANSIM) <http://www40.statcan.ca/101/cst01/econ46a.htm?sdi=consumer%20price%20index>

levels, working conditions, and regulatory standards governing other workers.

A survey by the City of Toronto of people who left Ontario Works in 2001 found that 17 per cent had returned to it within less than a year, and that the average wage of those who were still employed was below Statistics Canada's 2001 Low-Income Cut-Off (Toronto Community and Neighbourhood Services 2002). Thus, the program's methods do not promote parity of participation in Ontario society, quite the contrary; they reinforce the difficulty people face in moving out of the precarious segments of the labour market into more sustainable livelihoods. This is a general criticism of work-first programs, confirmed by federal government research several years ago (Canada. Human Resources Development Canada 1999). Reductions in the scope, duration, and level of the federal government's Employment Insurance coverage, of course, exacerbates this effect, limiting the opportunities for people in need to get access to training and education that might make a difference to their employment prospects. Moreover, the contraction of EI coverage in combination with the methods used to reduce the welfare rolls may be leaving many people without any source of support when they are in need (McIntosh and Boychuk 2000).

5.4 Conclusion

This chapter has given an account of the failure of efforts to achieve progressive welfare reform in Ontario from 1986 to 1996, and of the movement, from a predominantly

redistributionist discourse in the recommendations of the SARC and the Advisory Group on New Social Assistance Legislation, to the moral underclass discourse that framed the welfare policy of the Common Sense Revolution. In any attempt to explain the causes of this failure, several factors demand inclusion. The early 1990s was a period of severe economic recession in Ontario, created in large part by the macroeconomic policies of the Bank of Canada. Add to this an inadequate federal adjustment policy in the wake of the Canada-US Free Trade Agreement, one that failed to mitigate the worst polarizing effects of the industrial restructuring the FTA necessitated. The stress upon Ontario's welfare system caused by the recession was exacerbated by other federal policies of both the Mulroney and Chrétien governments: the "cap on CAP," the reduction in the scope and level of Unemployment Insurance, the reduced level of transfers to the provincial governments after 1995, and the termination of CAP. All of these policies were strongly influenced in turn by the neoliberal ideology emanating from multilateral organizations, notably the IMF and the OECD.

The Liberal provincial government of David Peterson deserves credit for commissioning the Social Assistance Review. It is true that it was slow to act on its recommendations, but it left office early in the follow-up period, and the failure of progressive welfare reform occurred during the period of Bob Rae's NDP government. This failure was a component of the broader crisis of the Rae government, in which it alienated its own constituencies in the labour movement, the broader public sector, and in critical social

movements. Jenson and Mahon (1995) attribute this breakdown in large part to the Ontario NDP's failure to communicate with its base and to mobilize its support for policies to deal with the provincial government's fiscal crisis. This failure may be traced in turn back to the inability of the NDP, both the provincial and the federal parties, to develop consensus on basic economic and social policies with which to respond to the crisis of Fordism.

To some extent, the causes can also be traced to the Transitions report itself. By situating its recommendations for significant improvements in support to people in need within a broad set of social and labour-market policies that were well-coordinated across federal, provincial, and municipal scales of government, it assumed away the many barriers that existed to such improvements. The Rae government's decision to proceed with redistributive measures when policy at the federal level was moving in the opposite direction was a central contributing factor to its fiscal crisis. The welfare rolls and the fiscal burden they created seemed to be expanding out of control. This created the conditions for the public reaction that developed around welfare fraud and dependency and contributed to the PC victory in 1995. This experience illustrates Nancy Fraser's argument about the hazard of backlash created by policies that redistribute income to people with low incomes with inadequate attention to the way they are represented in popular media. It also demonstrates clearly the extent to which policy is a multi-scalar process, with the more powerful policy makers usually situated at the higher scale.

The point here is not to suggest what the Ontario NDP government should have done, but to set the scene for the next chapters, where we examine the response of a local anti-poverty network to the welfare policies of the PC government elected in 1995. A core group of community activists, municipal councillors, and social service staff of the Regional Municipality of Ottawa-Carleton had been intimately involved in the welfare reform movement that followed the SARC. Now they were to be confronted with a radically different version of welfare reform. The next two chapters examine their response.

Chapter 6: Ottawa on the eve of the Common Sense Revolution

6.0 Introduction

The purpose of this chapter is to introduce the setting and the main actors in the case study. It begins in Section 6.1 with a description of the social and economic conditions in Ottawa in 1995, the year the Harris government came to power in Ontario and launched the Common Sense Revolution. This account reveals a growing incidence of poverty in Ottawa at this time, as well as a growing gap between low-income and high-income households and individuals. While the local political and business elites in Ottawa turned their attention to economic growth strategies, others in the community focused on the deteriorating social conditions. Sections 6.2 and 6.3 introduce an active and self-conscious anti-poverty network that was continuing to press for progressive welfare reform. Section 6.4 describes a pilot project in Ottawa to test the Opportunity Planning model that had been proposed by the Social Assistance Review Committee. An evaluation found it to be both cost effective and highly rated by participants and staff alike. It would serve as a counterfoil to the workfare policies of the Common Sense Revolution, a clear example of the significant difference between socially conservative neoliberalism and inclusive liberalism. This will set the stage for the account of the conflict over welfare reform between the province and the municipality in Chapter 7.

6.1 Social and economic conditions in Ottawa in 1995

In 1995, the jurisdiction that is now the City of Ottawa was the Regional Municipality of Ottawa-Carleton (RMOC), composed of eleven municipalities, including the “old” City of Ottawa.⁵⁵ In 2001, these municipalities were amalgamated into the new City of Ottawa, but in 1995 they were served by an overarching regional government, the RMOC, that was responsible for planning, debt financing, water and sewage, public transportation, regional roads, and social services. The last included social assistance as well as some responsibility for child care and social housing. Thus, the social services that are the focus of this study were administered at the RMOC level in the period before 2001 and were transferred to the new City of Ottawa with amalgamation with minimal changes to policy, management, or staffing. References to “Ottawa” before 2001 refer to the old City of Ottawa. Where there is ambiguity, I will distinguish between the new City of Ottawa and the old.

The population of the RMOC was 721,000 in 1996; it had grown from 678,000 in 1991, or about 6.3 per cent, but growth was much more rapid in the suburban municipalities. In the west and southwest of the region, over this five years 28 per cent of the growth occurred in Kanata, 13 per cent in West Carleton, and 19 per cent in Goulbourn. To the

⁵⁵ The eleven municipalities were the old City of Ottawa, Vanier, Rockliffe, Gloucester, Cumberland, Osgoode, Nepean, Kanata, Goulbourn, Rideau, and West Carleton.

east, Cumberland grew by 16 per cent and Osgoode by 14 per cent. In contrast, the old City of Ottawa and Gloucester grew at less than half the regional rate, and Vanier's population declined by 5 per cent.⁵⁶

In the RMOC, 1995 was a difficult year. In the same federal budget in which Liberal Finance Minister Paul Martin announced the termination of the Canada Assistance Plan and a 25-per cent reduction in federal transfers to the provinces for health, education, and social programs, he also announced a plan to reduce the size of the federal public service by 45,000 positions (Martin 1995: 9). It was, said the Ottawa Citizen, "the biggest reduction of the federal public service since the Second World War and the largest downsizing of a workforce by any single employer" (May 1995). The National Capital Region⁵⁷ was expected to suffer 15,000 of these job losses, about 75 per cent of them by residents of the RMOC.

Even before these cuts had begun, the RMOC's labour market was not healthy. The official annual unemployment rate was 9.7 per cent in 1995 and moved into double digits

⁵⁶ Statistics Canada, 1996 Census of Population (E-STAT).

⁵⁷ Although "Ottawa" is commonly seen as "Canada's National Capital," the official national capital is in fact the National Capital Region, which comprises the municipalities making up the Ottawa-Gatineau (formerly Ottawa-Hull) Census Metropolitan Area. The Ontario part of the Ottawa-Gatineau CMA is identical to the RMOC and, later, to the new City of Ottawa.

during several months of that year.⁵⁸ The first five years of the 1990s had been the period of “the great slump” in Canada (Fortin 1996). By 1995, however, the RMOC’s unemployment rate was increasing while the rate was decreasing in other parts of the country. For several years prior to 1995, the RMOC had one of the lowest unemployment rates in Canada; in both 1990 and 1993, its rate was the lowest among the country’s 28 census metropolitan areas (CMAs). In 1995, however, the RMOC moved up the ranking to ninth place, and it had the highest unemployment rate among CMAs west of the Ottawa River. The absolute number of unemployed people had increased by more than 90 per cent from the level in 1990, from 20,300 to 38,700.⁵⁹ Of these, only 24 per cent, fewer than 10,000, were eligible to receive Unemployment Insurance benefits (Canadian Labour Congress 1998) (Social Planning Council of Ottawa-Carleton 1999: 79). In early 1995, further labour-market turbulence was expected. “Fat city is about to go on an enforced diet courtesy of its sustaining force in life – the federal government,” Edward Greenspon wrote in the Globe and Mail on January 26th, anticipating Martin’s February budget.

The RMOC had the reputation of being “fat city” because of the image of the federal public service as a source of secure, well-paid jobs-for-life, as evidenced by its relatively

⁵⁸ Statistics Canada, Labour Force Survey, Tables 282-0052 and 282-0053 (CANSIM).

low unemployment rate during the “great slump”. By 1996, the federal government was still by far the largest employer in Ottawa-Carleton, with 82,700 employees in a labour force of 403,000.⁶⁰ However, nearly 10,000 federal jobs had been lost between 1991 and 1996, and further losses were coming. In the twenty years from 1976 to 1996, federal government employment had fallen from 32 per cent to just over 20 per cent of all employment in Ottawa-Carleton. By contrast, the region’s high technology sector was growing at an accelerating rate. It had added 12,700 new jobs between 1991 and 1996, to bring its total to 40,000 jobs in 1996. This sector had been growing for several decades in Ottawa-Carleton, assisted by federal government investment in scientific research, but driven by private entrepreneurial activity (Roy, Jeff 1999). The business services sector had also grown by 12,400 jobs during this period, and three-quarters of this growth was in high-technology computer and related services. The high technology sector would grow even more rapidly during the latter half of the 1990s, surpassing the federal government’s employment numbers briefly at the end of the decade before falling back with the “tech crash” after 2001. Much of this growth – both in terms of the location of employment and the residence of the labour force – occurred in the suburban

⁵⁹ Ibid.

⁶⁰ Federal employment includes all government departments, the military, crown corporations, and all other federal institutions such as museums. Data on employment in Ottawa-Carleton in this paragraph is based upon the 1996 Census of Canada and the RMOC’s 1996 Employment Survey, both as reported in Regional Municipality of Ottawa-Carleton, Employment in Ottawa-Carleton, (1997).

municipalities, especially those to the west of the Rideau River, notably in Kanata.

Writing in 1983, Caroline Andrew noted the predominance of federal government employment in the Ottawa-Carleton labour market. This created

a heavily middle-class population. Consequently, the politics of Ottawa is middle-class. This manifests itself principally in terms of a ‘consumption orientation’ towards municipal government, in which citizens look at local government primarily in terms of the services it will provide to residential neighbourhoods and to residents of the city as a whole. They expect ‘collective consumption expenditures’ (such as on parks, public transportation, and social housing) to be given priority (Andrew 1983: 141).

Andrew noted, however, that there were others who saw “municipal government principally in terms of its role in material production – as a means of support for economic development, and hence for the maximization of profits” (Ibid.). This cleavage between consumption and production orientations was the most salient political division in the city, with the consumption-oriented politicians tending to align with the NDP and those who were production-oriented linked to the provincial Progressive Conservative party. The high-technology sector was already growing during the early 1980s, but this did not seem likely to change the class composition of Ottawa’s population significantly.

There was no necessary contradiction between consumption and production orientations, Andrew observed, and there were, potentially, major differences in emphasis within each.

For example, within a production orientation there was a major difference between a focus on job creation and employment supports for single mothers, on the one hand, and measures to support the profitability of local businesses, on the other. Within a consumption orientation, providing efficient services to affluent suburban neighbourhoods was quite different from support for non-profit and social housing in the downtown core. These cross-cutting tendencies within each orientation, along with the formal absence of political parties in the municipal and regional systems, tended to create a fluid form of politics in which an elected representative's geographic location could be as salient as their ideology or their orientation towards production or consumption issues. As a generalization with several significant exceptions, politicians representing suburban and rural wards were less inclined to support expenditure on services such as social housing or social assistance, since the need for these services was less evident in their communities. However, they might still be concerned primarily with consumption issues for their constituencies, focusing on such needs as parks and recreation, public health, and transportation. Since the late 1960s, the old City of Ottawa had fostered citizen participation in neighbourhood planning processes, and this had tended to give a strong voice to consumption interests. A large number of municipal politicians moved into politics through the community associations that came into existence in this way. However, their political priorities could still be quite different, depending on the class character of the ward they represented.

During the ten-year period, 1975 to 1985, social democratic mayors – Lorry Greenberg and Marion Dewar – governed in the old City of Ottawa, and social democrats were also well represented on the RMOC Council. By the mid-1990s, with federal-government employment in decline, attention had shifted from consumption issues toward the municipal role in promoting economic growth in other sectors, especially in high technology. Chris Hunt (2001) describes this as the period of the construction of Ottawa as an “entrepreneurial city.” This involved a re-branding of the city, promoted by local politicians and business leaders, from “Canada’s National Capital” to “Silicon Valley North.” More significantly, according to Hunt, it entailed a process of rescaling of the political economy of economic growth. Ottawa-Carleton’s emergence as a high-technology enclave was one example among many of the deprivileging of the national as the scale at which economic strategies were formulated and carried out, and the new salience of the region as the site for the organization of capital accumulation strategies. Since the crisis of capitalist profitability in the 1970s, this rescaling had been a global trend. In Ottawa-Carleton, as elsewhere, it demanded that the local state play a leading role in the construction and coordination of local economic development strategies. Hunt describes the period from 1988 to 2000, when political and economic elites dominated this restructuring process, creating a new set of institutions for the governance of Ottawa-Carleton’s economic growth strategies. These are sometimes called quasi-autonomous non-governmental organizations (QUANGOs), and sometimes called public-private

partnerships. This institution-building process culminated in the late 1990s with the creation of The Ottawa Partnership, a meta-governance body for providing leadership on the region's economic development strategy. Its membership included the RMOC Chair (later Mayor of the new City of Ottawa), several business executives representing sectoral economic development agencies such as the Ottawa Life Sciences Council, local chambers of commerce, the region's universities and colleges, and the provincial Ministry of Economic Development and Trade.⁶¹

At the same time, however, there was also a significant constituency that was concerned about the increased volatility of Ottawa's labour market (Jackson and Graham 1999) and the growing incidence of poverty and income inequality (Social Planning Council of Ottawa-Carleton 1999). In his analysis, Hunt left open the question of whether, and to what extent, it would be possible to address issues of social justice in the context of the entrepreneurial city. Could the entrepreneurial city be a progressive place? That is our focus here.

Ottawa's image as an island of middle-class comfort was far from accurate. We have already seen in Chapter 3 how the flexibilization of employment relationships in both the federal public service and the high-technology sector created insecurity and inequality

within their respective work forces. Alongside those sectors, trends in the tertiary industries, especially in consumer services such as retail sales, accommodation, food and drink, amusement and recreation, were quite similar to conditions elsewhere in the country. These jobs were typically non-unionized, paid low wages, offered few benefits, and had a high incidence of part-time positions. In 1996, part-time jobs accounted for almost one-quarter of all jobs in Ottawa-Carleton, double the rate of 1976 (Regional Municipality of Ottawa-Carleton 1997: 7). Most of the increase in part-time employment from 1986 to 1996 was in low-wage service occupations. We do not have local data on preferences for part-time work; we do know that most of it is voluntary. It becomes an issue when household income is dependent upon precarious low-wage, temporary, or part-time employment. Let us therefore look more closely at income trends in the RMOC.

According to the 1996 census,⁶² the median household income in the RMOC in 1995 was \$50,804, about 26 per cent above the national median of \$40,209, but its distribution around the region was quite similar to major metropolitan areas such as Montreal, Toronto, or Vancouver. Table 6.1 compares the municipalities in the RMOC with the regional municipalities in the Greater Toronto Area in 1995. In this light, the RMOC appears as a smaller version of the Greater Toronto Area, with lower median household

⁶¹ See Hunt's thorough account of this process and the institutions created during this period (2001: Chap 5).

incomes in the central municipalities of both regions and higher median household incomes in the suburban municipalities. (The Village of Rockliffe Park is an anomaly – a small, high-income municipality near central Ottawa, but comparable, for example, to the Toronto neighbourhood of Rosedale.)

Table 6.1 Median income, all private households, municipalities of the Regional Municipality of Ottawa-Carleton and regional municipalities of the Greater Toronto Area, 1995

RMOC		GTA	
Vanier	27,842		
Ottawa	40,185	Toronto	40,443
Nepean	60,237	Durham	56,911
Osgoode	60,619	Peel	58,305
West Carleton	60,804	Halton	63,009
Gloucester	60,834	York	63,407
Cumberland	60,237		
Rideau	69,497		
Goulbourn	70,082		
Kanata	71,367		
Rockliffe Park	117,016		

Source: Statistics Canada, 1996 Census of Canada. (E-STAT)

Even this disaggregation conceals large differences in household incomes and the concentration of low-income neighbourhoods in Vanier and the old City of Ottawa.

Between 1990 and 1995, the incidence of low-income families and individuals had grown

⁶² All annual income figures reported in the Census of Canada are for the calendar year prior to the census year.

significantly in the RMOC (Table 6.2).⁶³ The incidence of low-income economic families grew from 10.9 per cent to 14.9 per cent.⁶⁴ In absolute numbers, this represented an increase from 19,800 economic families living in poverty in 1990 to 28,600 in 1995, a growth of 44 per cent. Of all persons living in private households (98 per cent of the population), 19 per cent were living in poverty in 1995, some 134,000 persons.

Table 6.2 Incidence of low income, RMOC, 1990 and 1995, %

	1990	1995
Economic families	10.9	14.9
Unattached individuals	32.0	38.0
All persons in private households	not available	19.0

Source: Statistics Canada, 1991 and 1996 Census of Canada. (E-STAT)

The incidence of low-income households was heavily concentrated in Vanier and the old City of Ottawa (Table 6.3).

⁶³ The Statistics Canada low-income cut-off (LICO) represents “the level of income where people spend disproportionate amounts of money for food, shelter, and clothing. LICOs are based on family and community size; cut-offs are updated to account for changes in the consumer price index.” <http://www.statcan.ca/english/freepub/82-221-XIE/2006001/defin2.htm#pr>. The LICO is the measure commonly used to represent the “poverty line” in Canada.

⁶⁴ Statistics Canada defines an economic family as “a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law or adoption. A couple may be of opposite or same sex. Foster children are included.” <http://www.statcan.ca/english/concepts/definitions/eco-family.htm>

Table 6.3 Incidence of low-income economic families in the RMOC, by municipality, 1990 and 1995, %

	1990	1995
<i>RMOC</i>	<i>10.9</i>	<i>14.9</i>
Vanier	27.7	34.5
Ottawa	15.9	22.0
Nepean	7.2	11.7
Osgoode	3.2	5.3
West Carleton	3.1	3.4
Gloucester	8.4	11.6
Cumberland	3.8	5.9
Rideau	2.8	3.8
Goulbourn	4.2	3.4
Kanata	2.9	4.1
Rockliffe Park	0.0	4.3

Source: Statistics Canada, 1991 and 1996 Census of Canada. (E-STAT)

At the same time that the incidence of poverty was increasing, there was also an increase in the proportion of households at the upper end of the income scale, and thus an increasing gap between rich and poor. Given inflation of about 10 per cent over the five year period from 1990 to 1995,⁶⁵ it was not surprising to see an increase in the percentage of households with incomes over \$70,000. During the same period, however, there was also an increase in the percentage of households with incomes under \$20,000, and a decline in the percentage of households in the middle groups (Table 6.4).

⁶⁵ Source: Bank of Canada Inflation Calculator, http://www.bankofcanada.ca/en/rates/inflation_calc.html

Table 6.4 Percentage of private households in four income groups, RMOC, 1990 and 1995

	Under \$20,000	\$20 – 39,999	\$40-69,999	Over \$70,000
1990	16.6	22.5	31.3	29.7
1995	17.7	21.0	29.0	32.4

Source: Statistics Canada, 1991 and 1996 Censuses of Canada (E-STAT).

This increasing income inequality also shows up as a trend through the full decade of the 1990s when we compare the ratio of the average individual income of the highest 10 per cent (decile) of the population with the average for the lowest 10 per cent (Table 6.5).

Here we see the RMOC moving from a degree of inequality that was less than the Canadian average in 1990 to one that was above the Canadian average by 2000.

Table 6.5 Ratio of the 90th Percentile Individual Income to the 10th Percentile Individual Income, After Tax, RMOC and Canada, 1990, 1995, and 2000.

	RMOC	Canada
1990	8.2	8.6
1995	10.4	10.5
2000	12.0	11.0

Source: Statistics Canada⁶⁶

Income inequality is not distributed across an undifferentiated population, of course.

Some groups are at much greater risk of poverty than others. A study for the Federation of Canadian Municipalities (FCM) has found that, in Canadian cities generally, the

⁶⁶ Statistics Canada data, Small Area and Administrative Data Bank, 1990, 1995, and 2000, as reported by the Federation of Canadian Municipalities, <http://www.fcm.ca/english/qol/charts7.xls>. Accessed November 26, 2006.

groups at greatest risk of living in poverty are lone-parent families, people with disabilities, visible minorities, Aboriginal people, recent immigrants and refugees, children, and seniors, but the relative balance of groups at risk varies from one city to another (Caryl Arundel and Associates 2003: 56).

Table 6.6 summarizes the poverty rates in 1995 for various population groups in the RMOC. With the exception of seniors, these data support the conclusions of the FCM study.

Gender is a factor cutting across all groups at risk, placing women at greater risk of poverty when located in one of the above risk groups. Note for example that elderly unattached women are significantly more likely to be poor than their male counterparts. This risk is especially true for lone-parent families. In the RMOC in 1996, 84 per cent of lone-parent families were headed by women; the average income of a female-headed lone-parent family in the RMOC in 1995 was \$33,292, less than 60 per cent of the average income of \$55,773 of a male-headed lone-parent family.⁶⁷ The ratio of lone-parent families to all families in the RMOC rose from 13.7 per cent in 1991 to 15.6 per

⁶⁷ Statistics Canada, 1996 Census of Canada (E-STAT). Unfortunately, median family incomes of lone-parent families are not available; average incomes are skewed toward higher values because of the open-ended distribution on the high-income side.

Table 6.6 Incidence of poverty, various population groups. RMO. 1995

	<i>Total</i>	<i>Poor</i>	<i>Distribution of total (%)</i>	<i>Distribution of poor (%)</i>	<i>Poverty rate (%)</i>
<i>Unattached individuals</i>	109,000	41,400	100	100	38
Non-elderly women	39,600	15,400	36	37	39
Non-elderly men	46,500	17,500	43	42	38
Elderly women	18,000	7,000	17	17	39
Elderly men	4,900	1,500	3	4	30
<i>Economic families</i>	192,200	28,600	100	100	15
Couples with no children under 18	86,000	6,200	45	22	7
Couples with children under 18	72,700	9,800	38	34	13
Lone parents with children under 18	18,700	9,700	10	34	52
Other families	14,900	3,000	8	10	20
<i>Children < 18 in families</i>	166,100	38,100	100	100	23
Aged 0 - 5	56,000	14,500	34	38	26
Aged 6 - 17	110,100	23,600	66	62	21
<i>All persons in private households *</i>	707,100	134,300	100	100	19
Recent immigrants	34,600	19,700	5	15	57
Visible minorities	106,400	45,100	15	34	42
Aboriginal identity	7,000	2,800	1	2	40
With disabilities	70,100	21,200	10	16	30
Persons 65 -74	45,200	6,300	6	5	14
Persons 75+	28,300	5,800	4	4	20

Source: Statistics Canada, 1996 Census of Canada, as reported in Lee (2000: Appendix B).

*Groups are not mutually exclusive

cent in 1996, some 29,640 lone-parent families.⁶⁸ Lone parents with pre-school-age children have considerably less labour-market flexibility, especially in the absence of

⁶⁸ Ibid.

accessible child care. During this period, over one-third of lone-parent families in the RMOC relied on social assistance at any given moment.⁶⁹

Of all the groups in Table 6.6, recent immigrants had the highest rate of poverty. Garnett Picot (2004) examines the economic conditions of recent immigrants to Canada; “recent” here means those who had arrived in the previous five years. He finds that, in Canada as a whole, the percentage of recent immigrants living in poverty rose from 25 per cent in 1980 to 31 per cent in 1990 to 36 per cent in 2000. Before 1980, the incomes of immigrants eventually caught up with and even surpassed those of their Canadian-born counterparts. Since 1980, this has not been the case; these immigrants, on average, continue to have significantly lower incomes than their Canadian counterparts even after long periods in Canada. This trend has occurred despite changes in immigration policy by the federal government to give greater priority to immigrants with skills needed in the Canadian labour market, and despite increased education levels of recent immigrants. By 2001, 42 per cent of recent arrivals had a university degree, compared to 19 per cent in 1981. High unemployment rates, as well as high rates of underutilization of skills in low-wage jobs, were the leading causes of this increase in poverty rates. To a large degree,

⁶⁹ My estimate based on 1998 figures for lone-parent families receiving GWA or FBA in the RMOC at the time of the transition to Ontario Works. Source: RMOC. Social Services Commissioner. Report: Transfer of FBA Clients to RMOC Social Services. 9 June 1998. Accessed November 30, 2006. http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Regional_Council/08Jul98/Transfer.pdf

this was due to the difficulty encountered by recent immigrants in gaining recognition for their professional and trade qualifications. Sixty per cent of recent immigrants work in occupations other than those in which they have worked before coming to Canada (Statistics Canada 2003).

There has been a significant change in the countries of origin of recent immigrants to Canada. Before 1980, the majority of immigrants originated in the United States, Northern and Southern Europe, the Caribbean, South and Central America, and Southeast Asia. Since 1980, immigration from this set of countries has declined; 72 per cent of immigrants now come to Canada from Eastern Europe, South Asia, East Asia, Western Asia, and Africa. Picot says that this change may have contributed to the difficulties, as differences in language and education systems may prove to be barriers to employment. Whether this explanation is accurate or not, the fact of increased poverty rates and labour-market difficulties among recent immigrants is an indication of serious inadequacies in Canadian immigration and settlement policy.

The cumulative effect of decades of deteriorating conditions for recent immigrants also contributes to the high rate of poverty among visible minorities. There have been visible minorities in Canada since the 17th century, but immigration in recent decades has increased the percentage of visible minorities in the Canadian population. The visible minority population of the RMOC grew from 15 per cent in 1996 to 18 per cent in 2001,

and accounted for 60 per cent of the region's population growth.⁷⁰ The largest visible minority groups in Ottawa are Black, Chinese, South Asian, and West Asian. As we see in Table 6.6, visible minorities in Ottawa had a rate of poverty in 1995 that was more than double the rate for the population as a whole. This, when viewed in conjunction with the difficulties experienced by foreign-trained professionals and trades persons in having their credentials recognized, is evidence of institutional racism in the Canadian labour market, that is, of a distinct pattern of bias in the policies and practices of employers and the state.⁷¹

In 1995, the Aboriginal population of the RMOC in 1995 constituted about 1 per cent of the population. The Social Planning Council of Ottawa-Carleton noted a pronounced income and social polarization within the Aboriginal population of the RMOC, since significant numbers had come to the region from other parts of Canada to work in professional occupations in the federal government and national organizations, while others lived in poverty (Social Planning Council of Ottawa-Carleton 1999: 26). The situation was therefore quite different from cities in western Canada, for example, with

⁷⁰ Statistics Canada, 1996 and 2001 Census of Canada, E-STAT. The 1991 Census of Canada does not provide data on the population by visible minority status.

⁷¹ Institutional racism may be defined as including "organizational policies and practices that, regardless of intent, are directly or indirectly disadvantageous to racial minorities, such as the lack of recognition of foreign credentials or the imposition of inflated educational requirements for a position" (Henry and Tator 2006: 55).

large numbers of Aboriginal people living in poverty and relatively few who had good jobs and incomes. Still, the rate of poverty of the Aboriginal population in the RMOC was more than double the rate for the population as a whole.

The factors accounting for income inequality arise in large part from labour-market inequality, which is in turn caused by several factors discussed at length in Chapter 3. To this we should add the inadequate level of income support for people in need, discussed in Chapters 4 and 5. A study of income inequality in Canadian cities conducted for the Federation of Canadian Municipalities in 2003 identified three leading factors in the trend toward deepening poverty and income inequality: the declining real value of minimum wages (which are set by the provinces level for most industries), cuts to social assistance benefits, and shortages of affordable housing (Caryl Arundel and Associates 2003: 56).

All three of these factors affect people with disabilities. Those who are able to work in the labour market may, depending on the nature of their disability, find large parts of the labour market closed to them, and they may be forced into its low-wage segments. Those who cannot enter the labour market receive social assistance benefits that are well below the LICO. The policy of deinstitutionalization that began in the late 1960s, mentioned in the Transitions report (see Chapter 5), meant that much larger numbers of people with disabilities had to search for housing in the private market. In 1995, the average rent for a bachelor apartment in Ottawa was \$489 per month (Social Planning Council of Ottawa-

Carleton 1999: 87). This level of rent would have consumed 47 per cent of the gross wages paid for a full-time, full-year, 35-hour per week minimum-wage job, and about 53 per cent of the social assistance benefits for a person with a recognized disability.⁷²

The social assistance caseload in the RMOC grew rapidly during the early 1990s (Table 6.7). From 1991 to 1995, the General Welfare Assistance (GWA) caseload grew by 32 per cent and the Family Benefits Allowance (FBA) caseload by 43 per cent.⁷³ Total expenditures had risen from \$256.3 million to \$499.9 million, an increase of 95 per cent.

Table 6.7 GWA and FBA Caseloads and Expenditures, RMOC, 1991-1995.

Year	GWA			FBA	
	Caseload	Expenditures (\$'000s)		Caseload	Expenditures (\$'000s)
		Gross	RMOC		
1991	24,836	137,582	26,194	14,899	118,735
1992	30,501	257,936	29,628	16,482	151,874
1993	33,116	290,882	31,842	17,638	171,994
1994	33,232	296,244	32,471	20,016	188,068
1995	32,899	288,100	33,511	21,346	211,781

Source: RMOC⁷⁴

⁷² The Ontario minimum wage was frozen at \$6.85 per hour from January 1995 to February 2004 (Ontario. Ministry of Labour 2006); the Ontario social assistance benefit for a person with a disability remained at \$930 per month from 1995 to 2004 (National Council of Welfare 2004, 2005). During this time the purchasing power of both declined by 17 per cent (Bank of Canada Inflation Calculator, (http://www.bankofcanada.ca/en/rates/inflation_calc.html)).

⁷³ See Chapter 5, section 5.1, for background information on the GWA and FBA.

⁷⁴ Source: RMOC. Social Services Commissioner Memorandum to Regional Chair, "Response to Inquiry – Background information on factors influencing demand for social assistance and related services," 17 March 1997,

By 1995, the total number of beneficiaries receiving social assistance at any one time in the RMOC represented 15 per cent of the population, about 108,500 people; this was up from approximately 11.5 per cent of the population in 1991.⁷⁵ This rapid increase was consistent with the trend in Ontario as a whole during this period, as we saw in Chapter 5. It reflected the recession and jobless recovery, on the one hand, and the reduced scope and duration of Unemployment Insurance coverage on the other.

In 1995, then, poverty and inequality were increasing in Ottawa-Carleton. The attention of the local political and business elites had turned to the promotion of economic development strategies, but other actors in the community were concerned with the deteriorating social conditions. Let us now look briefly at the local anti-poverty network as it was at that time.

6.2 The anti-poverty network in Ottawa-Carleton in 1995

In Ottawa-Carleton in 1995, there was an identifiable and self-conscious local anti-poverty network situated in a variety of institutional locations: social agencies (including both secular and faith-based civil society organizations), advocacy groups, local

File no. 03-07-97-0127. Accessed November 24, 2006.

http://www.ottawa.ca/calendar/ottawa/archives/rnoc/Community_Services/17Apr97/Factors.pdf.

⁷⁵ *Ibid.*, p. 3. The term “case” refers to a single individual or family unit receiving social assistance; “beneficiaries” include all individuals and family heads plus all of their dependents.

government, and academe. The following is a brief overview of the key institutions in which it was located, based on interviews and two short works of local history (Tanner 1999; Moscovitch 2003).

Of central importance was the Social Planning Council of Ottawa-Carleton. Founded as the Council of Social Agencies in 1928 by 24 child and family welfare, health, education, and recreation organizations, its first and enduring purpose had always been to research and publicize the social needs of the local community. Its roots were those of its member agencies, many of which traced their origins to the middle-class social reform movements of the late Victorian period, or even earlier.⁷⁶ By the early 1980s, the Social Planning Council defined its formal objectives as follows: to “facilitate active citizen involvement in the analysis of social issues, the promotion of progressive social policies, [and] the planning and development of human services; [to] advocate social policies and services which benefit disadvantaged residents of the region; [and to] assure regular assessment of social needs” (Moscovitch 2003: 16). Funding for the Social Planning Council had grown by 1990 to a peak of \$1.3 million, primarily from the local United Way, but also from the

⁷⁶ Attending the meeting that launched the Ottawa Council of Agencies in 1928 were representatives of the Crippled Children’s Committee of the Rotary Club, the Infants’ Home and Hospital, the Perley Home for Incurables, the YMCA, the May Court Club, the Canadian Girl Guides, the Salvation Army, the Boy Scouts Association, the Ottawa Children’s Bureau, St. Patrick’s Asylum, the Ottawa Welfare Bureau, the Children’s Aid Society, the Protestant Home for the Aged, the Ottawa Boys Club, the Kiwanis Club, the YWCA, the Red Cross Society, the Protestant Orphans’ Home, the Ottawa Day Nursery, the Social Hygiene Council, the King’s Daughters Guild, the Home for Friendless Women, and the Ottawa Association of the Blind (Moscovitch 2003: 3).

RMOC and the provincial government. In addition to its research and publications, the Social Planning Council had played a leading role in establishing several of the other key agencies in Ottawa, including the United Way itself, the Youth Services Bureau, the Central Volunteer Bureau, and a network of community resource and health centres that numbered 12 by 1995.

The community resource centres, of which six were also community health centres, had diverse origins in local community initiatives. The first two came into existence in the late 1960s in response to disruptive, technocratically-dominated urban renewal programs in two neighbourhoods with high rates of poverty, Lower Town and Lebreton Flats.

While serving to coordinate the services of several social agencies, they also emphasized, to varying degrees, community involvement in both governance and program development. As a consequence, each developed a unique set of programs that responded to the particular needs of its local community. New centres were soon established in Centretown, Ottawa's west end (Pinecrest-Queensway), and southeast Ottawa, with priority on service to, and the involvement of, people with low incomes. Several centres were also established in the newer, middle-class suburbs where the needs and thus the programs were different.

The RMOC took on core funding of the centres in the 1970s. At the outset, this appeared to threaten the autonomy of the centres, but the Region learned over time to respect, and

even to foster, a large degree of community control over their operations.⁷⁷ Each centre also built on its core budget with program funding from several sources, including the provincial Ministry of Community and Social Services and the Ministry of Health. In addition to support for medical services, Ministry of Health funding also supported programs of health promotion addressing the social determinants of health, including early childhood development, employment, housing, and food security.

Community development staff in several of these centres facilitated organizing by, among others, social housing residents, social assistance recipients, tenants, and recent immigrants. Several new service and advocacy organizations came into existence in this way, some of which were able to secure funding from the RMOC and the lower-tier municipal governments. At the same time, several citizens' groups dedicated to the study and resolution of a variety of social issues came into existence during the 1970s and 1980s, and some of these affiliated with the Social Planning Council; these included the Ottawa-Carleton Health Coalition, the Citizens' Advisory Committee to Regional Social Services, the Federation of Ottawa-Carleton Tenants Associations, Provisions, which was the first food bank in Ottawa, and the Zonta Centre for Young Single Parents (Moscovitch 2003: 16-17). Advocacy organizations of note by 1995 that were active on

⁷⁷ See Tanner's (1999) account of this learning process.

the issue of social assistance were the Social Assistance Recipients' Council and the Action Centre for Social Justice. In addition, many of the social service agencies, notably the community resource centres themselves, were also active social policy advocates.

There is no evidence in Ottawa-Carleton in 1995 of a significant tendency within this anti-poverty network toward engaging in a radical, confrontational style of organizing by poor people of the kind associated with Saul Alinsky (1972) and which Hamel et al. (2000) attribute to two of the three types of urban social movement that they identify, although such movements did exist nearby. Kruzynski and Shragge (1999) describe an English-speaking anti-poverty movement in Montreal during the 1970s in which social assistance recipients played leading roles and used highly visible, confrontational tactics such as sit-ins and demonstrations to achieve victories on specific issues. They observe, however, that even in this movement there was tension between the ostensible leaders from the low-income population and the professional, middle-class organizers and "resource people." The movement in Montreal went out of existence in the late 1970s and was reborn as a multi-class, multi-issue movement aiming to reach a broader community. In Toronto and southern Ontario, the Ontario Coalition Against Poverty (OCAP) came into existence in the late 1980s during the period of organizing to pressure the Peterson government to implement the Transitions agenda, described in Chapter 5. OCAP adopted a radical, anti-capitalist position and employed a wide range of confrontational tactics to raise issues around poverty. It has continued to be active since that time, notable for its

use of “direct-action casework” in defence of individuals who are, for example, facing evictions or termination of their welfare benefits (Clarke 2001). However, this tendency and its related methods did not have much currency in Ottawa-Carleton in the 1990s.

Two mainstream institutions were of special importance to the anti-poverty network in Ottawa-Carleton. One was the School of Social Work at Carleton University. A core group of progressive faculty members arrived there in the 1970s and oriented the school’s programs toward a structural understanding of the causes of, and solutions to, poverty. This was not the usual approach within North American schools of social work, which tended to emphasize clinical skills such as interviewing and counselling. Carleton’s School of Social Work did not ignore such skills, but attempted to infuse all of its programs with a political analysis that situated the sources of poverty not primarily in the inadequacies of poor people but in social structures. By the 1990s, there was what one informant described as a “critical mass” of graduates of Carleton University’s Master of Social Work program situated through the entire community of social agencies and advocacy groups, as well as in the region’s Social Services Department, including its senior management (Interviews #8, #9, and #16). Several faculty members were also involved actively with community organizations. One professor, Allan Moscovitch, chaired the Advisory Group on New Social Assistance Legislation described in Chapter 5.

The other institution was the RMOC itself, particularly its Social Services Department and its oversight committee of elected councillors, the Community and Social Services Committee. Some informants trace the progressive tendencies within the Social Services Department back to the leadership of Stuart Godfrey, who was recruited in 1964 by Ottawa Mayor Charlotte Whitton to be the Director of the (old) City of Ottawa's Welfare Department (Interview #9) (Tanner 1999: 3). Whitton herself was a social conservative (see Rooke and Schnell 1987), but had been active in Ottawa's community of social agencies for decades before becoming mayor. She had been the director of the Children's Aid Bureau, and it was she who wrote the first administrative and financial plan for Ottawa's Council of Social Agencies in 1932, setting up the community chests that would eventually evolve into the United Way (Moscovitch 2003: 4). Godfrey came from Newfoundland and his childhood experiences there during the Great Depression had given him a visceral understanding of the structural causes of poverty. According to Tanner (1999: 3) and to my Interview # 9, Godfrey came into conflict with Whitton almost from the start by attacking the "Poor Law mentality" that had prevailed in the administration of welfare up to that time. Godfrey saw the potential in the Canada Assistance Plan when it was enacted by the federal government in 1966, especially its support for preventive services. He supported the creation of the neighbourhood-based, community-controlled resource centres from the start. In 1969, he moved with his department from the old City of Ottawa to the RMOC when it was

established. Godfrey himself advocated this consolidation of social services at the RMOC level in order to ensure effective co-ordination of services and to provide equality of access to people in need. In the 1970s, he was instrumental in the decision to provide the community resource centres with core funding from the RMOC. Godfrey aimed to build strong collaborative networks in the community, fostering cooperation with the Social Planning Council and the community-based social agencies. A review of the RMOC for the provincial government in 1976 reported:

The RMOC ... makes a larger contribution to its social services than do most other municipalities in the Province. This is because the RMOC has taken advantage of optional programmes which receive less provincial funding, and not because of more poverty in the Region. The [Social Services] Department is both innovative and imaginative within the limits set by law and regulations (Mayo 1976: 165).

The same review noted that the quality of service had improved considerably with the transfer to Regional administration:

When the RMOC Department was set up, there were transfers from the City of Ottawa of social services personnel who had more experience and were more up-to-date in their attitudes than those in many of the area municipalities. With Regional administration there are fewer complaints about humiliation from clients receiving the service. The effect is most noticeable in Vanier, Gloucester and Nepean where the new organization delivers service in a more professional way to clients (Ibid.).

These directions continued after Godfrey retired in 1978 and were consolidated during a period of progressive administrations under mayors Lorry Greenberg and Marion Dewar

from 1975 to 1985. The sense that there was a local community of progressive actors across this range of institutional locations grew stronger between 1985 and 1995 due to a high degree of consensus on the central issue of welfare reform.

For a municipality of its size, the RMOC's labour movement was relatively inactive on political issues in the mid-1990s. At the risk of getting slightly ahead of our story, we should note the activism that exploded across Ontario, beginning in 1995, in reaction to the Common Sense Revolution. From late 1995 to 1998, local alliances of labour unions and social movement organizations staged "Days of Action" – one-day political strikes and mass demonstrations in opposition to the program of the Common Sense Revolution – in London, Hamilton, Kitchener-Waterloo, Peterborough, Toronto, Sudbury, Thunder Bay, North Bay, Windsor, St Catharines, and Kingston, but *not* in Ottawa-Carleton, the largest urban region in the province after Toronto. Like the dog that did not bark in the night, this non-event says a great deal about Ottawa-Carleton's political culture. In other cities, the small, community-based social movement organizations benefited from the infusion of funds and organizing capacity contributed by the unions for the Days of Action (Munro 1997); this was not to be the case in Ottawa-Carleton. A central factor here was the character of Ottawa-Carleton's largest union, the Public Service Alliance of Canada (PSAC), whose 17 member unions, or "components," represented all federal public service employees who were not in management positions. PSAC had progressive activists on its staff, but it did not have an especially activist membership, and, in 1995

and the years following, it was much more concerned with the issue of downsizing in the federal public service than with provincial or local issues. The Ottawa and District Labour Council (ODLC), in principle representing 90 union locals in the region, was chronically underfunded by its members and not as significant an actor in local politics as its counterparts in many other cities of Ontario (Interview #7). The main growth sector in the region, the high-technology sector, did not have any union organization, even among its manufacturing workers. The result was that the anti-poverty movement in Ottawa did not receive a significant level of material support from the labour movement. A representative of the ODLC frequently attended community conferences and made presentations to committees of the RMOC supporting progressive policies, but the Labour Council lacked the resources to make a significant contribution.

A decade after these events, we can see that other cities in Ontario were perhaps not so different. Even at the time, Munro (1997) was pointing out that the resources poured into Ontario communities for the Days of Action were temporary and had no lasting effect. The inability or unwillingness of the major unions in Ontario to take any risks on political issues beyond their immediate interests as unions became evident over the course of the Harris government's first term, from 1995 to 1999. Camfield (2000) argues that this should not simply be blamed upon union bureaucrats, as many critics on the left tend to do. (See, for example, Palmer (1998b; 1998a).) Rather, according to Camfield, it reflects a degree of "decomposition" of the working class in Ontario as a consequence of post-

Fordist industrial restructuring, as well as the decline of the radical left in the labour movement and in Canadian society generally. The resulting lack of “push” from the rank and file membership, according to Camfield, accounts for the low level of activism of most major unions on political issues not directly affecting them. This analysis does seem to fit well with the situation in Ottawa-Carleton.

6.3 Ottawa’s anti-poverty network and welfare reform

As we saw in Chapter 5, the consultative process employed by the Social Assistance Review Committee (SARC) across Ontario from 1986 to 1988 provided a forum for community-based social service groups, anti-poverty advocacy groups, municipal social service departments, and individual activists. The SARC’s report, Transitions, when it appeared in 1988, was well-received by those who had made presentations, and it served as a program for advocacy efforts for both short- and long-term welfare reform.

Appendix C of Transitions lists the members of the SARC’s advisory committees, and Appendix D lists 66 presenters to the SARC hearings held in Ottawa in 1987. Taken collectively, the lists of presenters and committee participants provide a good snapshot of the membership and institutional location of the local anti-poverty network in 1987. It includes representatives of the RMOC, the Social Planning Council of Ottawa-Carleton, the Ottawa Board of Education, the Ottawa and District Labour Council, several of the community health and resource centres, food banks, emergency shelters, legal aid clinics,

faith-based groups, the Eastern branch of the Ontario Association of Professional Social Workers, and many other local groups, such as Mothers Against Poverty, which was an organization of sole-support mothers, the Ottawa Handicapped Society, tenants' groups, and the Ottawa-Carleton Immigrant Services Organization. Some representatives of national organizations with headquarters in Ottawa also made presentations to these hearings, including the Canadian Mental Health Association and the National Anti-Poverty Organization. The M.P.P. for Ottawa Centre, Evelyn Gigantes, made a presentation, as did two members of the (old) Ottawa City Council.⁷⁸ The member of the (old) Ottawa City Council for Britannia Ward, Ruth Wildgen, who was also an RMOC councillor and a well-known anti-poverty activist, was a member of the Social Assistance Review Committee. Other local activists served on some of the SARC's advisory committees.⁷⁹

After the release of Transitions in 1988, members of the anti-poverty network in the RMOC came together from many of the above institutional locations to work on advocacy of its recommendations. One outcome of this cooperation was the formation of Ottawa's SARC Monitoring Committee, a local member of the province-wide SARC

⁷⁸ Before 1994, members of the RMOC Council were appointed from among councillors of the constituent municipalities. Beginning in 1994, regional councillors were elected directly.

⁷⁹ For complete listings, see Appendices C and D of Transitions (Ontario. Social Assistance Review Committee 1988).

Network, described in Chapter 5. Ottawa's SARC Monitoring Committee was based in the Social Planning Council and was composed of members from a variety of organizations, including social assistance recipients, community-based service delivery agencies, advocacy groups, and staff of the RMOC Social Services Department. As we saw in the last chapter, the Ontario SARC Network ceased to be active in 1991. At the local level, however, cooperation continued into the 1990s. This was reflected in the participation of Ottawa-based anti-poverty activists and social service professionals in the work of the Advisory Group on New Social Assistance Legislation chaired by Allan Moscovitch.

We see this cooperation in action in the fall of 1993 when the Social Planning Council of Ottawa-Carleton convened a meeting of the SARC Monitoring Committee, by this time re-named the SARC Network of Ottawa-Carleton but still comprising community-based social service agencies, advocacy groups, including the Social Assistance Recipients Council, and social services staff of the RMOC. In November, 1993, this group conducted community consultations (one anglophone and one francophone) and submitted an extensive commentary on the NDP government's welfare reform plan, Turning Point, to the Minister of Community and Social Services, Tony Silipo. The documents (SARC Network of Ottawa-Carleton 1993c, 1993a, 1993b) reporting on this process are remarkable in two ways. First, they demonstrate that the community-based agencies, advocacy groups, and social services staff of the RMOC shared a common

perspective on welfare reform. Second, this vision was strongly influenced by the Transitions agenda and its modifications in Time For Action. Thus, the response of the SARC Network of Ottawa-Carleton to Turning Point gives us a good overview both of the membership and of the position of the region's anti-poverty network on welfare reform on the eve of the Common Sense Revolution.

The commentary submitted to Minister Silipo endorsed the proposal in Turning Point for a child benefit as a form of financial assistance to all low-income parents regardless of their employment status. It recommended making the child benefit a universal program with monthly cheques and tax-back provisions for high-income recipients. It also endorsed the province's proposal to take over all social assistance funding; this would be balanced by the transfer to the municipality of responsibility for a financially equivalent but less volatile responsibility, such as road construction and maintenance. It commended the government's stated intention to raise the minimum wage to 60 per cent of the average industrial wage. Beyond these points, however, the SARC Network of Ottawa-Carleton had serious concerns about the vagueness of the proposals in Turning Point on several key issues. Above all, its failure to provide any indication of proposed benefit levels left the SARC Network members with a great deal of anxiety regarding the government's intentions, especially in light of the NDP government's Expenditure Control Plan launched earlier in the year. Transitions and Time For Action had recommended making the criterion of benefit levels their adequacy, as measured by a

standard market basket of goods and services. Turning Point said only that benefits would be set at a level that ensured recipients were always better off working full-time, suggesting that benefit levels would be geared to a level below the minimum wage.

Another major criticism related to the Job Link program. The Network members endorsed the idea of a voluntary program to offer opportunities for achieving financial self-reliance, but pointed out that in Ottawa there was a six-month to two-year waiting list for voluntary employment preparation programs. One of the province's six Opportunity Planning Pilot Projects had begun in Ottawa in 1992 and the early assessments were positive (see below), but to date only a small number of staff had been assigned to the role of opportunity planner. Providing individualized support to social assistance recipients to overcome barriers to employment demanded more staff training as well as a more favourable ratio of staff to recipients. The Network members therefore questioned whether the Turning Point recommendations for Job Link were realistic. Could the province really deliver the level of service necessary to make it both effective and accessible to all who wanted it, especially in light of the high level of unemployment in Ontario at the time? The fact that the NDP government had just cut 557 full-time-equivalent positions from the Ministry of Community and Social Services alone under the Expenditure Control Program, the second-largest set of cuts to any ministry, rendered the Job Link program proposal less than fully credible.

The Network members were especially critical of the “tone” of Turning Point, which they described as “insulting and paternalistic”. There were good reasons to doubt the province’s capacity to deliver on its side of the bargain, yet Turning Point put its emphasis on the responsibility of individual social assistance recipients to move from welfare to work, and this in the context of high unemployment caused in large part by federal government policies. The offense was in the implication that additional welfare benefits would be required to motivate people to enter employment or training programs, an unsubtle suggestion that the problem originated with the individual. The way Turning Point proposed to structure benefits also undermined the principle of social assistance based on need. In other words, we could say that Turning Point had moved away from the redistributionist discourse of Transitions and Time For Action to a social integrationist discourse, that is, social inclusion defined as employment and as an obligation imposed upon the individual rather than as a right guaranteed by the state.

6.4 Opportunity Planning

In contrast, the Opportunity Planning Pilot Project launched in the RMOC in 1992 had been well received by social assistance recipients, anti-poverty activists, social service professionals, and regional councillors.⁸⁰ As we saw in Chapter 5, the concept of

⁸⁰ This account of the Opportunity Planning Pilot Project is based on Minutes of the RMOC Community Services Committee, 21 March 1996, as well as Interviews #8, #9, and #15.

opportunity planning was put forward in Transitions and again in the two reports of the Advisory Group on New Social Assistance Legislation in 1991 and 1992. The latter reports modified the original proposal found in Transitions by removing its coercive aspect, and the Advisory Group's advice contributed several more specific design features. The program was labour-market focused, aiming to assist participants, both GWA and FBA clients, to become financially independent. The approach involved intensive work by a client and a caseworker to identify the barriers experienced by each individual and to develop an action plan that was appropriate to their needs. The action plan could include training, counselling, volunteer work, and/or various supports such as child care and direct assistance in finding employment. Training could include support for post-secondary education, including both college and university, when the client had the necessary academic qualifications; in such cases, it was permissible to combine a student loan with social assistance and to relocate out of town if that was necessary to enter the appropriate program. Each element was tailored to the individual and recorded in an action plan agreed to jointly by the caseworker and the client. Those who participated were exempted from the mandatory job search requirement to which GWA clients had always been subject. Participation was strictly voluntary; social assistance clients were offered access to the program and were free to decline if they wished. In practice, since it was a pilot project, it had limited capacity and there was much more demand for access to the program than it could accommodate; this accounts for the "six-

month to two-year waiting list” mentioned by the SARC Network of Ottawa-Carleton in its response to Turning Point. Participants were assigned to the program on a random basis, both as a way of coping with the capacity limits and as an approach to evaluation; outcomes were compared to a control group. This random approach helped to avoid the problem of “creaming” to which such programs are susceptible – the practice of selecting the participants who seem most likely to succeed. Thus, some participants were ready immediately, for example, to enter a post-secondary education program, while others required literacy programs, intensive psychological counselling, or addiction recovery programs. The program was popular, and few who were offered the chance turned it down.

The Opportunity Planning Pilot Project in Ottawa-Carleton was one of six launched in places around Ontario at this time. RMOC social services staff who were involved in the inception of the project say that the pressure to get one of the six pilot projects in the region came from the “community,” that is, from the community-based members of the anti-poverty network. Staff were pleased by this community pressure, which carried more influence with regional councillors than the staff alone would have had. One Social Services Department manager put it this way.

It always worked better when we were getting shoved and cajoled and led and challenged by a community, and we were seen as the quiet, cooperative bureaucrats, as opposed to off on our own thing doing something and trying to convince the community afterwards it's a good idea (Interview #9).

This community pressure led to a decision by the RMOC Council to put up additional funding from its own budget for the pilot project, specifically for the purchase of services from community-based organizations for counselling, training, and support services to project participants. The RMOC made the project management accountable to a Community Management Committee chaired by a representative of the Social Assistance Recipients Council, with membership that included representatives of several other community organizations. The Community Management Committee managed the fund for purchase of service contracts with community-based organizations.

This model for the management of social services was analogous to the public-private governance model then being elaborated for the management of economic development in Ottawa that culminated in The Ottawa Partnership (TOP) later in the decade. In the social services case, the approach seems to have strengthened a sense of common purpose among community-based social service agencies and advocacy groups, regional social services staff, and representatives of social assistance recipients. This cooperation would continue into the period after the onset of the Common Sense Revolution, but the model itself did not continue after the completion of the pilot project in 1996.

The evaluation of the Opportunity Planning Pilot Project in Ottawa-Carleton, completed in early 1996, found it to be highly successful. Both clients and staff expressed high levels of satisfaction with the program. A cost-benefit analysis found that the cost per participant was actually less than the costs associated with the control group despite higher initial costs in terms of staff training, smaller caseloads per staff person, and access to a wider range of support services. The cost saving resulted from a higher rate of success in moving from social assistance to financial independence, and a lower rate of returning to assistance, than the control group.

At a meeting of the RMOC's Community Services Committee (CSC) in March 1996, regional councillors received this evaluation report and expressed satisfaction with the outcome of the pilot project. Since the pilot was coming to an end, Councillor Alex Munter asked what further steps could be expected. The Social Services Commissioner, Dick Stewart, said that one possibility would be to apply the principles of opportunity planning to the Ontario Works program that was then in the design stage. He had already sent a copy of the evaluation to the Assistant Deputy Minister for Income Support and Employment Services in the provincial Ministry of Community and Social Services (MCSS). The CSC unanimously approved a motion by Councillor Diane Holmes directing that a copy of the evaluation also be sent to the Minister, David Tsubouchi. No reply, not even an acknowledgement of receipt, was ever received from either the ADM or the Minister. The pilot project did, however, serve to consolidate support for a

progressive, anti-workfarist model of social assistance among the regional councillors. In the words of a senior RMOC manager,

The evidence was it was far to the taxpayer's benefit for having done that program [the Opportunity Planning Pilot Project]. And to have continued that model based on voluntary participation would have paid the taxpayers big dividends. That's an important point because it became a rallying point when the new [workfare] legislation was introduced with mandatory-this and mandatory-that and all the other stuff. Because we had a council, particularly we had a social services committee that personally, at a committee level, were investing in this opportunity planning idea. They had approved it, watched it, applauded it, and now they were getting a return, this was to the taxpayer's benefit (Interview #9).

The experience with the Opportunity Planning Pilot Project, then, including the management model that gave key members of the anti-poverty movement a central role in its management, played an important role in the resistance to workfare in the RMOC when it was introduced by the Harris government.

6.5 Conclusion

The stage is now set for the story of the conflict between the municipality and the province over welfare reform beginning in 1995. At the centre of the story are the two models, opportunity planning and the workfarist Ontario Works program. It is worth noting here that both approaches embrace the principle of activation. Both aim to move people from welfare into the labour market, but with markedly different methods.

Chapter 7: Ottawa in the Common Sense Revolution

7.0 Introduction

This chapter describes and analyzes the response of Ottawa's anti-poverty network to the welfare reform agenda of the provincial government during the period of the Common Sense Revolution from 1995 to 2003.

The approach to this story is not strictly chronological, nor is it possible to remain focused entirely on welfare reform to the exclusion of related issues.⁸¹ Section 7.1 examines the effects of the fiscal retrenchment by the federal and provincial governments during the second half of the 1990s, including the downloading of responsibility for several social services, and the response of the local anti-poverty network. Section 7.2 gives an account of the resistance to workfare and other policies in the welfare reform package of the Harris government that intensified maldistribution and misrecognition. Resistance was the dominant theme from 1995 to 1997. Emphasis then shifted to proactive measures. Section 7.3 surveys these efforts to develop progressive local alternatives to the province's welfare reform policies. The events described in these three

⁸¹ As aids to the reader, Appendix A provides an index with brief descriptions of the key organizations and programs mentioned in the text, and Appendix B gives a chronology of significant events mentioned in the text at the national, provincial, and local scales.

sections overlap in time; we will thus be moving back and forth chronologically, separating out each area of conflict for purposes of analysis. The chapter concludes in Section 7.4 with an analysis of the achievements and limitations of the local effort to resist regressive welfare policies and to develop progressive policies and programs during this period. The chapter builds on the general account given in earlier chapters of the regressive extralocal rule regime constructed at the provincial level, nested within the broader neoliberal rule regime at the federal level.

The chapter will show that the local anti-poverty network, by working with and within the RMOC and the City of Ottawa, successfully resisted several aspects of the workfarist welfare reform agenda of the provincial government during the Common Sense Revolution, and that it developed an alternative set of policies and programs to respond to the needs of most social assistance recipients. This outcome resulted from a strategic shift in the scalar focus of local anti-poverty activists in response to a change in the political opportunity structure. The case illustrates that there were significant gains to be made by working at the local scale under the circumstances.

The key agent in the case was the local anti-poverty network introduced in Chapter 6, with members in community-based organizations, the municipal council, and the management and staff of the municipal social services department. It was the cooperation among community activists, a core group of progressive elected councillors, and the

social services staff that was the critical factor in securing the support of the municipal government for resistance to the workfarist agenda of the CSR and the development of progressive alternatives.

The latter part of Section 7.3 describes initiatives to which the local anti-poverty network was only one among a number of contributors: the Task Force on Employment and one of its outcomes, TalentWorks, a labour-force development program. These initiatives illustrate the expansion into Ottawa's political mainstream of resistance to the socially conservative neoliberalism of the Common Sense Revolution and the gradual shift to a new phase of inclusive liberalism. We cannot quantify the extent to which the agency of the anti-poverty network contributed to this change in the broader political climate, since many influences were at play, but the narrative shows that it was one significant factor.

There were also important structural advantages at the local scale, especially the municipal government's long-standing role in the delivery of social assistance programs. The case also shows, however, that municipal governments lack the fiscal capacity to compensate for retrenchment at other levels of government. Moreover, they cannot completely circumvent the detailed legislation, regulations, and directives of an extralocal rule regime such as Ontario Works. The case illustrates some of the progressive steps that a municipal government can take in such circumstances, but it also highlights several of the limits to action at the local scale.

Nevertheless, the chapter will show that efforts by a local anti-poverty network to resist a regressive policy initiative such as Ontario Works and to develop progressive alternatives can be effective.

7.1 Fiscal retrenchment and downloading

Fiscal retrenchment was a prominent theme in 1995. In April, the RMO Social Services Commissioner reported to the Community Services Committee that federal budget cuts were about to have an immediate local impact.⁸² The local office of Human Resources Development Canada (HRDC) was facing a 36-per cent cut in its Consolidated Revenue Fund-based budget for programs that assisted social assistance recipients. In the region, 26 agencies supported by HRDC were providing support to 1,400 social assistance recipients through counselling, training, and support for finding employment. These 26 agencies were also a major source of support to recent immigrants, who made up over 50 per cent of their clients.

The federal budget of February 1995 had announced a new Human Resource Investment Fund (HRIF) that would integrate and streamline federal funding of labour-market programs, bringing together funds from the Unemployment Insurance (UI) Fund and the

⁸² Report, dated April 11, 1995, of the Commissioner of the Social Services Department to the Community Services Committee, presented to the Community Services Committee meeting of April 20, 1995.

Consolidated Revenue Fund (CRF). As the Caledon Institute observed, most new programs come with dollars attached, but the HRIF came “with dollars detached” (Battle and Torjman 1995). Over the next few years it became apparent that the HRIF was to be a channel primarily for the transfer of funds allotted from the UI Fund for “developmental uses”, while funds from the CRF were to be reduced drastically. In practice, this meant that most federal funding would be limited to programs for people who were eligible for UI (later Employment Insurance (EI)). As we saw in Chapter 6, however, only 24 per cent of unemployed people in Ottawa-Carleton were eligible for UI in 1995, and this would decline to 19 per cent by 1997 (Canadian Labour Congress 1998). A somewhat larger percentage would have been eligible under the UI Reach Back provisions that supported training and related support for a further three years after benefits expired, but this still left a large majority of unemployed people in the RMOC without any access to most HRIF-funded employment programs. The transition happened quickly. In April, 1995, all of the CRF-funded programs in the RMOC were under review, with cuts to come as current funding arrangements ended. The Regional Councillors concluded that there was not much that they could do about this situation except to protest; in May, the RMOC Council passed a resolution asking the federal government to complete its program review as quickly as possible and not to cut these

valuable programs.⁸³

Another set of cuts came shortly after the election of the Harris Government in Ontario. As described in Chapter 5, the new provincial government reduced social assistance benefits by 21.6 per cent. The benefit rates were not raised again during the eight years of Progressive Conservative government, during which time inflation eroded their value by more than 17 per cent. Thus, by 2003 a typical social assistance recipient received only 67 per cent of the value of benefits received in June, 1995, before the cuts. In the same announcement in July 1995, the province also cut back funds for a wide range of social service agencies supported by the Ministry of Community and Social Services (MCSS), including Children's Aid Societies and women's shelters, reduced funding for social housing and youth employment programs, and eliminated the jobsOntario program which had funded 14,000 child care spaces for its participants.

In the fall of 1995, municipal governments began to make cuts. The (old) City of Ottawa cut its funding to the Social Assistance Recipients Council, forcing it to close in October 1996, and to several other social service agencies and advocacy groups, including the Ottawa-Carleton Immigrant Services Organization, the Ottawa Food Bank, and the Action Centre for Social Justice. Some of these did not rely completely upon municipal

⁸³ RMO Council minutes, May 10, 1995

funding for their existence, but all suffered some loss of capacity as a result. The Mayor of Ottawa, Jacquelin Holzman, defended the cuts with the argument that support for these agencies was not a part of the (lower-tier) city's mandate (Bohuslawsky 1995; Buchanan 1995; Bohuslawsky 1996b, 1996a).

In September, 1995, several local community groups formed the Stop the Cuts Coalition to protest this retrenchment at all levels of government. The Coalition circulated a petition and brought it to the RMOC Community Services Committee in October. The CSC supported the Coalition's position and brought it to the full RMOC Council, which, by a vote of 12 to 6 on November 8, passed a resolution stating:

The RMOC strongly objects to the lack of consultation on the part of the provincial government in the matter of funding cuts to programs supported by both provincial government and regional government in partnership.

The RMOC extends its good offices in developing strategies for greater cost effectiveness in the provision of social services based on the following five principles:

- the focus will remain on services to low income residents;
- service survival is the main priority, not agency survival;
- services should continue to reflect diversity of race, gender, language, etc.; [sic]
- focus on viable agencies, [sic] and
- the identification of alternate ways to serve which may result in agency restructuring, amalgamation, etc. [sic]

This rather conciliatory resolution⁸⁴ had no impact on the provincial government, nor did it even address the issue of cuts by the federal government or the lower-tier municipal governments, but it did serve to put a majority of Regional Council members on record as giving priority to services to low-income residents, and of recognizing the need for services that reflected the diversity of needs based on race, gender, and language. It gave the members of the local anti-poverty network a reason to trust their allies on the RMO Council, and it thereby helped to reinforce the cooperation between the anti-poverty network and the RMO Council in the period ahead.

In 1996 and 1997, the issue of “disentanglement,” or “service realignment,” brought to the fore the issue of fiscal relations and “downloading” of services from the province to the municipalities.⁸⁵ In April, 1996, the Harris government appointed the Who Does What panel, chaired by former Toronto mayor David Crombie, to review the issue of the division of responsibilities between the province and the municipalities. This issue had already been broached by the NDP government, but it had not made any changes before leaving office in 1995. As we noted earlier, in Turning Point the NDP government had

⁸⁴ The RMO Council defeated, by a vote of 12 to 4, a strongly-worded motion that referred to the province’s cuts as “an unacceptable attempt to victimize the poor.” Its four supporters formed the core of progressive social policy advocates on the RMO Council at the time: Diane Holmes, Linda Davis, Alex Munter, and Alex Cullen.

⁸⁵ The brief account of downloading in this paragraph is based upon Ibbitson (1997: Chap. 10), Graham and Phillips (1998), and Sancton (2000).

proposed that the province take full responsibility for funding social assistance. Since it is a program of income redistribution, one for which demand increases during times of economic hardship, it seemed rational to the NDP to fund the welfare system from provincial income-tax revenue, not from municipal property taxes. In return, the municipalities would take on a set of responsibilities with a roughly equivalent but less volatile fiscal burden, such as public transit and local highways. The Who Does What panel agreed with this point of view and recommended that the province take responsibility for 100-per cent funding of both education and welfare, but that municipalities continue to administer the social assistance services. The Harris government had made provincial control of public education a high priority, and knew that removing this from the municipal property tax base would cost the province about \$5.4 billion annually. Taking sole responsibility for social assistance would, given the level of costs in 1996, transfer a further \$2.1 billion in costs from the municipalities to the province. The two together would add at least \$7.5 billion to the province's \$56 billion annual expenditures, and there was simply not enough that could be downloaded in return to make the rearrangement fiscally neutral. Moreover, as we saw in Chapter 5, the Harris government wanted both to eliminate the provincial deficit and to reduce provincial income taxes by 30 per cent. After much conflict and debate, both within Harris's cabinet and between his government and the municipalities, the province negotiated a "compromise" arrangement with the Association of Municipalities of Ontario. Education

would be administered by the province, but 50 per cent of the revenue that had previously been raised by school boards from municipal property taxes would still be collected and turned over to the province. The restructured welfare system would be jointly funded; income transfers and other program costs of both Ontario Works and the Ontario Disability Support Program (ODSP) would be split 80/20 by the province and the municipalities respectively, and administrative costs would be shared 50/50. The municipalities would administer Ontario Works and the province would administer the ODSP; as with education, the municipalities' share of the ODSP costs would be raised from property taxes and transferred to the province by the municipalities. In addition, sole responsibility for social housing, ambulance services, and property assessment would be transferred to the municipalities from the province. All of this left the province and the municipalities just as entangled as ever, if not more so, but the resulting power relationship in this arrangement was even more skewed in favour of the province than it had been before. The province was left with considerable control over the education system, Ontario Works, and ODSP, both their regulation and the levels of funding it would contribute to them, but the municipalities had no control over the amount of property tax that they would have to turn over to the province under the arrangement. As Ibbitson (1997: 272) points out, this "compromise" was more advantageous to the provincial government than its own starting point in the negotiations with the AMO had been. What the AMO was thinking remains a mystery.

This arrangement had a dramatic impact upon the RMOC's budget. The region's contribution to social assistance benefits and related programs alone rose from just under \$66 million in 1997 to over \$126 million in 1998.⁸⁶ This increase was caused almost entirely by the fact that, prior to this arrangement, the province had paid 100 per cent of the costs of the FBA program; under the new arrangement, the region took on responsibility for 20 per cent of the costs of benefits and 50 per cent of the cost of administration of all social assistance programs.

The RMOC also voluntarily took on some of the other services that had been dropped by the province, particularly a category of benefits that had been called Special Assistance and Supplementary Aid. These benefits included a wide variety of supports such as dental care, eyeglasses, provision and repair of assistive devices like wheelchairs, and the deductible portion of prescription drug expenses subsidized by the province's Trillium Drug Program. These benefits had been available both to social assistance recipients and to other people with low incomes who were in need. In the Ontario Works Act, the province renamed these "Discretionary Benefits" and reduced or eliminated several of them. Notable among the cuts were non-emergency dental care for adults. The province also made non-social assistance recipients ineligible for these benefits. Social Services

⁸⁶ Source: RMOC, 1998 Operating Budget and 1999 Operating Budget, actual expenditures for 1997 and 1998.

staff saw this as an attempt by the province to control municipal spending in this area by limiting eligibility and restricting items funded to a scheduled set. These changes seemed mean-spirited to community-based members of the local anti-poverty network, and they made their voices heard to RMOC Councillors.⁸⁷ Denying eligibility to non-social assistance recipients seemed particularly regressive, since it made it more difficult for people who needed these supports to move out of the welfare system. In its 1998 budget, therefore, the RMOC Council established a 100-per cent municipally-funded set of benefits that it called “Essential Health and Support Systems (EHSS),” its title an explicit rejoinder to the province’s choice to call such benefits “discretionary.” This RMOC fund helped to fill the gaps left by the province’s retrenchment in this area. It began at a level of about \$1 million and grew to about \$1.6 million in the City of Ottawa’s 2003 budget, still less than 2 per cent of the municipal share of social assistance costs.

“Service realignment” came to be known as “downloading” because, despite promises by the province, it turned out not to be fiscally neutral. The Ottawa Citizen reported on May 7, 1998 (p. E3), that downloading would result in a net increase of about \$50.4 million in

⁸⁷ See in particular the public input to the meeting of the Community Services Committee of April 23, 1998 (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/23Apr98/Csm23apr.html. Accessed February 13, 2007).

the RMOC's annual budget in 1998, a sum equivalent to almost 10 per cent of the Region's property tax revenue. The new Regional Chair, Bob Chiarelli, had just been elected on a platform that included a promise to freeze property taxes. He and several Regional Councillors made downloading a political issue, and the Harris government eventually responded with a set of one-time grants totalling \$43.5 million to help make up the shortfall for 1998. This allowed the Region to solve its problem that year, but many councillors observed that it did not solve the underlying issue, and predicted that it would resurface in 1999 and subsequent years. With hindsight, we now know that the RMOC and the new City of Ottawa managed to balance the budget in 1999 and did not raise property taxes in any of the years before 2004.⁸⁸ One major factor allowing this tax freeze was the declining social assistance caseload during the late 1990s. Municipal amalgamation in 2001 also helped to reduce expenses despite some initial difficulties. However, the combination of downloading and voter sensitivity to tax increases meant that the RMOC Council and new City of Ottawa Council were reluctant to take on major new areas of program spending. Therefore, with the exception of marginal additions such as the Essential Health and Support Systems, the municipality did not increase spending in ways that would serve to compensate substantially for fiscal retrenchment by the federal and provincial governments.

This was evident in the RMOC's funding relationships with community-based organizations. The RMOC had been contributing for many years to a large number of community-based programs that provided services to people in need, including shelters and day programs for homeless people, counselling services, food programs, and the network of community health and resource centres described in Chapter 6. The RMOC maintained its funding for these programs but not in a way that compensated significantly for the effects of the federal and provincial retrenchment. In a publication aptly titled Doing Less with Less, the Social Planning Council reported on a survey in 1997 of 350 community-based social service organizations in Ottawa-Carleton.⁸⁹ It found a 16-per cent reduction in provincial funding for these organizations in the one year from 1996 to 1997 alone. In the same year, federal funding declined by 41 per cent, and United Way funding by 8 per cent. However, because the province was the main source of revenue for the programs of community-based agencies, its cuts were the most significant, accounting for 90 per cent of the revenue loss. The province provided 71 per cent of the funding for these agencies in 1996 and 69 per cent in 1997. RMOC funding, by comparison, was at a

⁸⁸ Many individual property owners did experience substantial tax increases due to the new system of current value assessment instituted by the province in 1998, but the municipally-determined tax rate did not increase until 2004.

⁸⁹ The Social Planning Council sent its survey form to 350 organizations and received 93 responses, not all of which provided complete financial details. The findings are therefore useful in providing a general picture of the funding trends but not for their specific dollar amounts (Social Planning Council of Ottawa-Carleton 1998).

different order of magnitude; it accounted for 4.3 per cent of agency funding in 1996 and 5.9 per cent in 1997.

In the 1996-97 fiscal year, 15 community agencies closed outright, not including mergers and privatizations. Agencies that survived coped by cutting full-time staff and increasing part-time staff, collaborating with other agencies, and reducing overhead. The survey found that the cuts primarily affected programs for people with low incomes. The Social Planning Council itself, its annual budget for 1998 reduced to less than 30 per cent of what it had been in 1990, moved to a smaller office and refocused its mission on community research (Moscovitch 2003).

As agencies attempted to diversify their funding bases, they encountered a bewildering range of new funding policies, practices, and reporting requirements. This phenomenon is documented in a report for the Canadian Council on Social Development (Scott 2003) on Canada-wide trends in the practices of both public and private donors. Scott notes that the period of retrenchment in the 1990s coincided with a shift toward short-term, project-based funding (rather than program, or core, funding), unwillingness of funders to support administrative costs, pressure to demonstrate backing from several funders before securing support from any one of them, and onerous new reporting requirements. These trends may have been well-intentioned in some cases, but they made funding much more volatile and unpredictable, and they increased the administrative workloads of agencies at

the same time as they reduced their capacity. Scott notes that the overall effect was to induce a tendency to “mission drift” as agencies sought to align their objectives with those of funders. Paul Leduc Browne saw the “identity and autonomy” of voluntary organizations being “eclipsed as they [were] forced into the straightjacket of a commercialized public sector’s managerial norms and procedures” (1996: 69).

There was, in particular, a chilling effect on policy advocacy as a role for voluntary organizations. Increased workloads put pressure on service agencies to keep their focus on service delivery, while advocacy-oriented agencies were simply no longer funded. Populist politicians and newspaper editorialists attacked as “special interest groups” voluntary organizations that spoke out on public policy issues while in receipt of public funds (Phillips, Susan 1995). The Canadian Revenue Agency monitored registered charities to ensure that no more than 10 per cent of their revenue was devoted to policy advocacy (Bridge 2000; Young and Everitt 2004). Some analysts – both in Canada (Jenson and Phillips 1996) and elsewhere (Pierson 1995: 158) – argued that these restrictions were designed deliberately to weaken political opposition to the retrenchment of social programs. Whatever the intention, the result, as Scott wrote in 2003, was that advocacy organizations were “effectively marginalized” during this period (2003: xv).

Advocacy-oriented organizations, such as those of social assistance recipients, tenants, and social justice advocates, had been considered legitimate recipients of public funds for

several decades, on the argument that disadvantaged groups needed political space and institutional support to protect and advance their citizenship rights (Phillips, Susan 1995; Jenson and Phillips 2001). Service delivery agencies had likewise been viewed as legitimate advocates for the interests of their client groups, as sources both of technical expertise and of policy advice. Thus the fiscal retrenchment of the mid-1990s, and the pressure to reduce or eliminate policy advocacy, seriously injured the anti-poverty network in Ottawa-Carleton, as it did elsewhere.

There was one significant exception to this pattern in Ottawa-Carleton. The community health and resource centres tended to weather the period of retrenchment better than other agencies and community organizations. There were two reasons for this. The first was a key decision by the RMOC Council to continue to provide core funding for the centres during this period of fiscal pressure. This decision reflected the political support for the centres by the RMOC councillors. As we saw in Chapter 6, the earliest community resource centres came into existence with strong community participation. When the RMOC took on core funding of the centres in the 1970s, it insisted on a demonstrable level of community participation as a condition of its support for the establishment of a new centre. Regional councillors in the suburban wards soon wanted community resource centres in their wards, and when they succeeded they became committed to them. The result was good political support for the centres across the political spectrum. Core funding gave the community health and resource centres the capacity to seek alternative

sources of funds for their programs. The second factor was support for the centres from the provincial Ministry of Health. As mentioned in Chapter 5, the Harris government understood the importance of health spending to middle-class voters. Its attempts to reduce expenditures in the health sector were focused on limiting the incomes of medical doctors and completing the NDP's initiative to restructure hospital services.⁹⁰ Logically, these policies should have resulted in greatly enhanced support for community health services; in practice, they meant that funding for the community health and resource centres was not as badly affected as that of other community-based services. Moreover, as mentioned in Chapter 6, Ministry of Health funding supported not only the medical services of the six health centres but also a range of community-based social programs that addressed social determinants of health. It was, in short, multi-class support – both for the community health and resource centres as such and for health spending in general – that accounted for the ongoing core funding of the network of community health and resource centres and their programs.

In summary, the local anti-poverty network was able to elicit some marginal additions to funding from the municipal government to compensate for the retrenchment of social

⁹⁰ The spending cuts announced by the new Harris government in July 1995, described in Chapter 5, contained only one health-related item – the recovery of OHIP overpayments to doctors – and made no estimate of the savings expected.

spending by the federal and provincial governments. Their choices were good ones, as far as they went, helping to mitigate the intensification of maldistribution to a limited degree. The case makes clear, however, that fiscal capacity is not one of the strengths of a municipal government when compared to the provincial and federal governments. Moreover, the cuts to the voluntary sector, and the new regime of accountability requirements, weakened the material base of the anti-poverty network itself.

7.2 Resistance to workfare and related policies

7.2.1 Pre-election debate of workfare

Workfare was an issue well before the onset of the Common Sense Revolution. By the time the Harris government came to power in June 1995 with its CSR agenda, the RMOC Council had already debated and rejected workfare, albeit by a slim margin.⁹¹ The issue arose, four months before the Ontario PC election victory, at the Regional Council meeting of February 8, 1995, over an RMOC response to the federal government's discussion paper, "Improving Social Security in Canada" (Canada. Human Resources Development Canada. 1994). In December 1994 and January 1995, the Community Services Committee had organized public consultations on the federal paper's proposals for reforming unemployment insurance, child care, the Canada Assistance Plan, and the

⁹¹ The material in this sub-section is based upon the Minutes of the RMOC Council meeting of February 8, 1995. The submission to the federal government and the record of public consultations are appendices to these minutes.

child tax benefit, and had prepared a submission in the name of the RMOC. The public consultation included input from several community-based members of the local anti-poverty network, including the Social Assistance Recipients' Council and the Social Planning Council, and these contributions were reflected in the final submission put forward for Regional Council approval on February 8.

The submission set up Transitions as its touchstone and made reference to its guiding principles of fairness, shared responsibility, and dignity, noting that these principles had already been endorsed by the RMOC in the past. It opposed the federal government's proposal to reduce benefits for frequent users of UI, arguing that the government should not penalize individuals "scrambling for jobs between layoffs," especially "given the limited dollars expected to be available for employment development." Instead, the submission advocated "employment services that are supportive, voluntary, and meet the needs of unemployed people for meaningful skill development," adding that these "must be connected to real job opportunities." The submission also endorsed the federal proposal to create and/or subsidize 150,000 child care spaces over three years, as well as the integration of social assistance benefits for children with the federal Child Tax Benefit to create a single system that would serve to remove children from the welfare system entirely, as Transitions had advocated..

The submission also discussed the proposals for reforming the Canada Assistance Plan

and endorsed moving from a system of matching funds to one of block grants, arguing that this would make CAP funds more flexible and allow greater integration of health, education, economic, and social services. However, it stated that these grants should still be conditional, as the CAP funds were, on provinces conforming to agreed national principles and objectives. This was to “ensure that service to vulnerable individuals meets standards of equity, adequacy and dignity. It will also help to ensure that individuals in need get appropriate help in their own communities, and will promote a common level of service throughout the country.” The submission continued:

The RMOC does not support the introduction of further conditionality for social assistance. Real opportunities that come with supports, such as allowances for work-related expenses and child care, will not require a punitive or coercive approach. It has been the experience of the RMOC that the majority of people want those opportunities and are highly motivated when they are provided. In the RMOC’s view, it makes more sense to put scarce resources into providing such supports than into monitoring and enforcing non-voluntary participation in programs.

One Regional Councillor, Brian McGarry, objected to this position and moved that the RMOC response...

... not categorically refute the principle of welfare in exchange for mandatory training and community work but rather replace this direction in the Report with the principle that mandatory training and community work may be employed providing the employment service initiatives are supportive and meet the needs of unemployed people for meaningful skill development.

The Regional Council debated his motion for an hour and a half, marshalling familiar arguments on both sides. Advocates of workfare claimed it would give poor people pride and useful work experience; opponents described it as coercive, expensive, and unlikely to provide any useful skills at all. The minutes do not provide a verbatim account, but an Ottawa Citizen columnist described the debate, noting that the federal government had already put social policy reform on hold, and called the exercise futile (Riley 1995). It is true that the federal budget of February 1995 had a profound, pre-emptive impact on the social policy consultations initiated by the Minister of Human Resources Development, Lloyd Axworthy (see Chapter 4).⁹² However, the Regional Council's debate did serve a useful purpose. McGarry's motion was defeated by a narrow margin, 10 votes to 9. The submission endorsing Transitions-inspired social policy, including explicit opposition to workfare, thus became the RMOC's official position and served as a basis for engagement with the provincial government on the issue after the Harris PCs came to power in June 1995. It was a slim majority, but it was to be reinforced when additional progressive voices were elected to the Council in the 1997 municipal election.

⁹² Axworthy later told the Standing Committee on Human Resources Development that this had been "the largest undertaking of public discussion on a public policy matter in the history of this country, and we have ended up with over 100,000 different submissions, presentations and representations." May 18, 1995. http://www.parl.gc.ca/35/Archives/committees351/reso/evidence/160_95-05-18/reso160_blk101.html . Accessed December 14, 2006.

7.2.2 The initial response to Ontario Works in Ottawa

After the Harris government came to power in mid-1995, officials of the Ministry of Community and Social Services (MCSS) worked through the winter of 1995-96 to develop a program of welfare reform that would incorporate the Common Sense Revolution's election promise to require "all able-bodied recipients – with the exception of single parents with young children – either to work or to be retrained in return for their benefits" (Ontario PC Party 1994). The Ministry established a Municipal Reference Group for this design phase that allowed local social services managers to know what was coming. By April, the municipalities around the province knew that a workfare program called "Ontario Works" would be unveiled in June. In May, newspapers began to report a range of responses from municipalities, even before any announcement by the province. Kingston's city council, after hearing representations from the labour network, anti-poverty activists, and the local food bank, voted by a narrow margin to reject workfare (Canadian Press 1996b). The Regional Municipality of Peel, on the other hand, moved quickly to introduce its own workfarist program, Workfirst, even before Ontario Works was announced, contracting with temporary employment agencies to place social assistance recipients in jobs (Abbate 1996; Vosko 2000: 230-49). Other municipalities around the province situated themselves on a continuum between these two poles, but the provincial government was not inclined to begin negotiating with them. "Basically, they have no option," an official of the MCSS said on May 14th. "This is a mandatory

program." Municipalities that did not comply with the Ministry's guidelines would simply have their social assistance funding cut off (Canadian Press 1996c).

The issue came to the RMOC's Community Services Committee on May 2nd, 1996. The Social Services Commissioner, Dick Stewart, reported that the province would soon announce new guidelines for social assistance that included mandatory community service in return for the continuation of benefits.⁹³ For the moment, this would apply only to single, employable GWA recipients; there would be no change at first for sole-support parents or FBA recipients. Once the program guidelines were released, Stewart said, the Social Services Department would launch a community consultation process in order to come up with the best program design possible under the circumstances. Stewart said that there was reason to hope that there would be enough flexibility in the guidelines to continue developing programming on the model of Opportunity Planning, based on "the two fundamental principles of client choice and voluntary participation."

Some of the councillors on the CSC were not as sanguine. They next heard nine presentations from representatives of community organizations and individual activists. Two had come to speak about the positive potential of volunteer work in the community,

⁹³ Details of discussion at the Community Services Committee of May 2, 1996, are drawn from the meeting's Minutes http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/02May96/CSM02MAY.PDF, accessed December 11, 2006, and supplemented by interviews #8, #9, and #17.

but the rest were there to oppose workfare unequivocally. After further discussion, the CSC considered a motion by Councillor Diane Holmes that the RMOC decline to participate in Ontario Works and that it create a “made-in-Ottawa-Carleton solution in consultation with its community partners.” When asked to comment, Stewart argued that this was not a viable option; the Ministry paid most of the costs of social assistance and it had the legal authority to set the guidelines. When Holmes’s motion came to a vote, the result was a tie and it was thereby defeated.⁹⁴

The CSC then considered a second motion, moved by Councillor Richard Cantin.

That the RMOC negotiate with the Ministry of Community and Social Services for the acceptance of the Opportunity Planning Program or a similar program as its response to the (provincial) Ontario Works program and that it consult with its community agency partners.

This motion passed by a vote of 4 to 2. The CSC then considered a motion by Councillor Alex Munter setting out six principles to govern the implementation of Ontario Works in Ottawa-Carleton:

Whereas Ottawa-Carleton Regional Council has serious concerns about the proposed “Ontario Works” program;

⁹⁴ In meetings of the RMOC Council and its standing committees, the chairperson voted with the other members and thus a tied vote defeated a motion.

be it resolved that Council advise the Ministry of Community and Social Services that the Regional Municipality of Ottawa-Carleton expects, as a minimum, that workfare will:

1. Not interfere with education and job-seeking;
 2. Provide training that is actually useful;
 3. Come at no additional cost to property taxpayers;
 4. Compensate community agencies for their administrative and management costs for being involved in this program;
 5. Not be a substitute for paid employment or lead to the displacement of paid workers;
 6. Include enough discretion to allow municipalities to tailor the program to meet local needs; and
- that copies of this resolution be forwarded to all Ottawa-Carleton MPP's.

This motion passed without opposition. Both the Cantin and the Munter motions were then brought forward to the full RMOC Council on May 22nd. There, Cantin's motion was carried by 10 votes to 9 and Munter's by 14 votes to 5. These two motions thus became the basis upon which the Social Services Department developed its strategy in response to Ontario Works.

By this process of community input, council debate, and voting, the RMOC had arrived at a position quite similar to that reached by the Metro Toronto Council's human services committee later in the month. Toronto called for an Ontario Works program with voluntary participation, the flexibility to place people according to skills and interests, adequate funding, and appropriate support mechanisms for those in the program, such as day care, transportation and clothing; in other words, for a program with all the characteristics of Opportunity Planning. It also called on the provincial government to

situate the program within an overall job-creating strategy (Abbate 1996).

These resolutions, however, had little immediate effect on the provincial government.

The Minister of Community and Social Services, David Tsubouchi, launched the Ontario Works program on June 12, 1996 at an outdoor news conference at Niagara Falls. All able-bodied welfare recipients would be required to perform community service for their benefits by 1998, he announced. The program would begin with a set of 20 pilot projects but would become universal within two years. Anti-poverty and labour activists jostled with government supporters and the tumult was so disruptive that Tsubouchi was effectively “shouted down” and forced to end the conference prematurely (Mittelstaedt 1996).

7.2.3 Resistance to the Community Participation program

MCSS released a summary of the program guidelines for Ontario Works, “Ontario’s Work-for-Welfare Program,” in August 1996 (Ontario. Ministry of Community and Social Services 1996). This provided the rationale and basic design features of the program; they were as described in Chapter 5 except for the Learning, Earning and Parenting Program (LEAP), which was not launched until 1999.

In Ottawa-Carleton, community organizations did not wait for the RMOC Social Services Department to consult with them. The Social Planning Council, the Volunteer Centre, the

Ottawa and District Labour Council, and the Social Assistance Recipients Council jointly convened a Community Information Forum on Workfare on September 10th, attended by 170 people representing 105 organizations, and followed this up with two further workshops on the implications of workfare for the voluntary sector. The Forum featured representatives of MCSS and the RMOC Social Services Department as panelists; they provided basic information on Ontario Works and the RMOC's proposed strategy. One of the follow-up workshops featured Andy Mitchell, director of Workfare Watch, a project of the Social Planning Council of Metro Toronto and the Ontario Social Safety Network, a coalition of anti-poverty groups. Workfare Watch had begun issuing a series of bulletins in February 1996 and by the fall was reporting on early experiences in some of the 20 jurisdictions that were piloting Ontario Works programming.

The central concern of the community groups was the Community Participation component of Ontario Works, that is, the workfare component. There were two broad issues. The first was workfare itself, which inspired revulsion for its moral underclass discourse and for the belief that its work-first design would simply trap disadvantaged people in a recurring cycle of precarious, low-wage employment and social assistance.

The second issue was the anticipated impact of the Community Participation component on the voluntary sector. Placements, according to the guidelines, were to be made in "communities and public and non-profit organizations" (Ibid. p. 8). Organizations in the

voluntary sector feared that they were going to be placed under pressure to accept as “volunteers” people whose placement with them was not voluntary at all, but mandatory. Given the stigma that was attached to workfare, the voluntary organizations expected this to be extremely disruptive to their programs, driving away authentic volunteers. Those that received funding from the provincial, regional, or municipal governments feared that this funding would be in jeopardy if they did not accept these workfare “volunteers” in their organizations.

Meanwhile, the Ontario division of the Canadian Union of Public Employees (CUPE) had already declared that it would boycott any United Way in the province that funded organizations accepting Community Participation placements (Ryan 1996), thus applying pressure from the other side. This reflected CUPE’s concern that workfare would displace public sector employees from their jobs as well as drive down wage levels. There were grounds for this concern. The Toronto Star reported on October 2nd that the first workfare placements in Algoma District, one of the 20 jurisdictions piloting the program, would “paint municipal buildings, install handicapped entrances and do land cleanup projects,” and that future recruits would be put to work at “hospitals, municipal airports and waste disposal sites.” These were all actual or potential public sector jobs. Workfare Watch reported that, in North Bay, a community agency was being closed down and the work of unionized job developers was to be performed by twelve workfare participants; the displaced employees were even being asked to train their workfare

replacements. Community Participation assignments elsewhere in Ontario included such work as library assistant, computer tutor, tour guide, research assistant, maintenance and housekeeping for a local church, and working with a community service club to establish a clothing depot.⁹⁵

CUPE's threat to boycott United Ways was controversial, even within the labour movement. It created tension between the labour movement and the voluntary sector and provided the Harris government with another way to attack "union bosses." The boycott threatened to reduce the funding of voluntary organizations at a time when they were already experiencing substantial government cutbacks. The Ontario Federation of Labour repudiated the boycott (Canadian Press 1996a). Ultimately, CUPE boycotted only the Metro Toronto United Way, but even major CUPE locals in Toronto refused to participate; one actually exceeded its United Way fundraising total for the previous year (Talaga 1996). In Ottawa-Carleton, one small group of activists, the Welfare Recipients for Fair Employment (WRFE), gathered information on local agencies accepting Community Participation placements (Hollingsworth 2000), but appears to have had little impact. This was partly because, at the outset, most community organizations needed no

⁹⁵ Workfare Watch Bulletin #3 (November 1996). The Workfare Watch Bulletins and Newsletters continued until 2002 and are an important source of evidence of the resistance to workfare in Ontario during the Common Sense Revolution. They were available on the Internet until February 2006 but were then taken off-line. They can be

pressure to refuse to take part in the Community Participation component and, later, the progressive approach taken by the RMOC transformed Community Participation into a genuinely voluntary option for both welfare recipients and community organizations, as we see below.

In the fall of 1996, however, there was a degree of mistrust on the part of community organizations toward the RMOC Social Services Department. It was well known that the Social Services Commissioner had argued successfully in May for a decision to go ahead with the implementation of Ontario Works. This tension is reflected in the Minutes of the November 21 meeting of the RMOC Community Services Committee (CSC).⁹⁶ After the Community Information Forum on Workfare on September 10th and the follow-up workshops, several community agencies sent a delegation to the CSC led by David Welch, a University of Ottawa professor and the Vice-President of the Social Planning Council. The Board of Directors of the Social Planning Council had already passed a motion rejecting “mandatory work-for-welfare” and refusing to cooperate with the RMOC in the development of the local model of Ontario Works (Hollingsworth 2000:

retrieved by first going to www.archive.org and entering www.welfarewatch.toronto.on.ca in the “Wayback Machine” search engine.

⁹⁶ RMOC Community Services Committee Minutes, November 21, 1996 (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/21Nov96/Csm21nov.pdf. Accessed January 9, 2007.)

217). The boards of several community agencies, including some of the community health and resource centres, had passed resolutions stating that they would not accept Community Participation placements in their organizations (Interview #7). At the November 21st meeting of the CSC, Welch reported that community agencies had “concerns about whether the Social Services Department is truly committed to working in partnerships with community agencies and clients.” They also had concerns about the lack of plans for ongoing monitoring and evaluation of the implementation of Ontario Works in the RMOC. Welch noted that community organizations in Ottawa-Carleton were not alone in their concerns, that there was “a high degree of community reluctance” across the province to participate in the Community Participation component of Ontario Works.

The response of the Social Services Department management, at that meeting and in the months that followed, was to reiterate its commitment to the two basic principles of client choice and voluntary participation. It acknowledged that the Ontario Works guidelines mandated participation in some form, but the experience with Opportunity Planning convinced the management team that it was only necessary to provide a sufficient range of options to clients to ensure that virtually everyone would find a “service pathway” that

responded to their needs. In a written report to the same November 21st meeting,⁹⁷ Commissioner Dick Stewart reported that the Department was implementing a set of design changes that it called Improving Client Services (ICS) based on the principles tested and proven successful in Opportunity Planning: “assessment, provision of supports, and ongoing monitoring.” More staff resources would be assigned to working directly with clients; clients and staff would work together on identifying and achieving specific outcomes. All of this was being built into the Business Plan that the province required from each municipality for the implementation of Ontario Works. Orally, the Director of the Employment Programs Division, Bob Crook, reported to the CSC that each of the three components of Ontario Works would be developed by the Department to provide “12 basic choices and options for self-initiated choices within these components.”

The Social Services Department managers were conscious, however, that there were still several serious obstacles to the implementation of their strategy. One was the new funding formula. Traditionally, with the support of the Canada Assistance Plan, the province provided funding for social assistance programs to municipalities on an 80/20

⁹⁷ RMOC. Social Services Commissioner. Report: Ontario Works. 28 October 1996. Accessed January 10, 2007. http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/21Nov96/Ontworks.pdf

cost-shared basis. Before the “cap on CAP”, this was in fact 50 per cent federal, 30 per cent provincial, and 20 per cent municipal. This funding was tied to meeting the needs of recipients and was calculated according to the caseload. Now, in the post-CAP era, under Ontario Works, funding would be granted on a contingent basis. It would be based on meeting targets specified in an Ontario Works Business Plan to be prepared by each municipality and approved by the province. The province’s ultimate intention was to fund each of the three program components – Employment Supports, Employment Placement, and Community Participation – on an equal basis. During an initial two-year transition period, municipalities could negotiate with the province to split the funding unequally, for example, 50 per cent for Employment Supports, 25 per cent for Employment Placement, and 25 per cent for Community Placement, but funds could not be transferred between components and would be recovered by MCSS on a pro-rated basis if targets were not met.

The Social Services Department managers referred to this as a “piece-work” approach. It seemed clear to them that the province’s objective was to make it impossible for a municipality to avoid having a significant number of clients in the Community Participation component, this in order to meet the political agenda of the Common Sense Revolution. Targets would include such quantifiable indicators as the number of Participation Agreements completed, the number of job placements made, and the number of person-hours put into Community Participation activities. This would demand

new information systems and the devotion of a considerable amount of staff time to record keeping. Moreover, beyond the issue of the funding formula was the basic question of the funding levels. The managers expressed concern that funding would simply be inadequate to meet the province's own stated objectives for Ontario Works, not to mention those of Ottawa-Carleton.

Another challenge was the question of support for vulnerable clients. A representative of the local branch of the Canadian Mental Health Association told the November 21 meeting of the CSC that there were many social assistance clients with mental illnesses who were currently supported under GWA and would be eligible for mandatory participation in Ontario Works activities. Much mental illness is episodic in nature and exacerbated by stress, as are diseases such as AIDS and multiple sclerosis. The pilot testing of Ontario Works had generated several questions about the kinds of supports that would qualify as legitimate under the Employment Supports component; would they include programs for addiction recovery, for example, or anger management? What should the policy be regarding people with episodic illnesses? Early indications of the new social assistance legislation expected in 1997 suggested that there would be a separate program for people with disabilities, but it already seemed likely that this would result in a narrower definition of disability. This would turn out to be true.

During the winter of 1996-97, as the Social Services Department worked on its Business

Plan, it held six consultations on the Community Participation component, involving 133 participants from 97 community organizations.⁹⁸ The message at these sessions was clear: no client would be forced into the Community Participation component, and no organization would be pressured to accept volunteers under the program. The Department assured the community organizations that they were free to make their own decisions about the issue and that any RMOC funding they received would not be jeopardized by a decision not to participate; it also obtained a written statement from the local office of the MCSS that it had no intention to reduce funding to agencies that did not participate in Ontario Works. These assurances, repeated many times over the winter of 1996-97, helped to reduce the tensions between the Department and community organizations (Interviews #7, #8, #9).

Their message was given added credibility by a change in the message on workfare emanating from the Harris government that winter. In August, 1996, the Minister of Community and Social Services, David Tsubouchi, widely viewed as inept for the way he had communicated regarding the cuts to social assistance benefits and the introduction of Ontario Works, was replaced by the more competent and “smooth-talking” Janet Ecker

⁹⁸ RMOC. Social Services Commissioner. Report: Ontario Works Business Plan. 19 February 1997. http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/20Mar97/WORKSPLN.PDF. Accessed January 11, 2007.

(Walker 1996b). In November, Ecker addressed a meeting of the Ontario Municipal Social Services Association (OMSSA), a grouping of municipal social services managers. The OMSSA had been one of the centres of resistance to workfare in the province (Interview #9). "No single choice within Ontario Works is mandatory, but over-all participation (in Ontario Works) is a requirement for each recipient," Ecker told the meeting. This was a significant change of tone, even if it only reiterated the position in the guidelines that had been released in August. Up to this point, the government's official position had been the one stated in the Common Sense Revolution document: "We should prepare welfare recipients to return to the workforce by requiring all able-bodied recipients – with the exception of single parents with young children – either to work or be retrained in return for their benefits" (Ontario PC Party 1994). A careful analysis of this statement could lead to the conclusion that Ecker's message was not inconsistent with the policy statement of the Common Sense Revolution. The difference was in the emphasis. Up to this point the government had promoted its policy as one of workfare. Even the guidelines released in August had described Ontario Works as the province's "work-for-welfare program." Moreover, later elaboration of policy would show that the government intended its policy to be "workfarist" in the broad sense of the term, particularly its emphasis on finding the "shortest route to employment." However, in the winter of 1996-97, Ecker's statement appeared to confirm the argument of the RMO Social Services Department that Ontario Works would be sufficiently flexible to

permit the development of a progressive local program, and this encouraged the staff to proceed with its strategy. In context, this can be viewed as a short-term victory for those who were resisting workfare. The provincial government had gone from trying to appear tough to trying to appear reasonable.

In March, 1997, the Social Services Department presented its draft Ontario Works Business Plan to the CSC for approval.⁹⁹ In designing it, the Social Services Department managers had to cope with a double message from the MCSS. On the one hand, the Minister had said that although participation in Ontario Works would be mandatory for able-bodied GWA recipients who were not single parents of young children, participants would still have choices; no single choice would be mandatory. On the other hand, the MCSS informed the municipalities that it intended, once the program was fully operational, to fund each component equally, and that funds could not be transferred between components. In the meantime, the relative balance between the components would be negotiable, but the Ministry still expected a significant number of recipients to be placed in the Community Participation component from the outset. The Social Services Department brought forward a Business Plan with a minimal number of

⁹⁹ See RMO. Commissioner, Social Services Department. Report: Ontario Works Business Plan. February 19, 1997. (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/20Mar97/WORKSPLN.PDF. Accessed January 13, 2007), as well as RMO. Minutes: Community Services Committee. March 20, 1997.

Community Participation placements – 225 placements projected for 1998 and 1999, from a caseload anticipated to include over 16,500 people eligible for Ontario Works. They explained that, since the choice would be optional and they had no previous experience on which to base their projection, they had decided to put forward this conservative estimate. Social Services Commissioner Dick Stewart told the CSC that “vast numbers of persons on social assistance were already volunteering,” but that this could not be recognized under Ontario Works guidelines. He told the CSC that staff would attempt to convince the provincial authorities that individuals should be permitted to initiate and self-monitor their own volunteer activities and that these should be counted as Community Participation.

Speaking for an ad hoc grouping of community organizations called the Community Committee on Workfare, the Vice-President of the Social Planning Council, David Welch, and Linda Lalonde of the Anti-Poverty Project,¹⁰⁰ recognized that the Social Services Department was trying to be as “humane” as possible within the provincial parameters. This reflected the efforts of the Social Services Department to explain its

(http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/20Mar97/CSM20MAR.PDF. Accessed January 13, 2007.)

¹⁰⁰ The Anti-Poverty Project was an advocacy coalition of churches and community organizations organized after the Social Assistance Recipients Council lost its funding and had to close. Linda Lalonde, formerly with the Social Assistance Recipients Council, was its leading organizer.

strategy to the community-based members of the local anti-poverty network. Welch predicted, nevertheless, that the Ministry would not accept this Business Plan. Lalonde, herself a social assistance recipient, noted that she already did a considerable amount of volunteer work in the community, including this very intervention at the CSC meeting, but that under the Ontario Works guidelines this would not be recognized and she would have to work additional hours in a formal placement. She referred the CSC members once again to the experience of Opportunity Planning, a successful voluntary program with supportive employment services. Lalonde called on the CSC to direct the Social Services Department to maintain a strong orientation towards “positive and supportive programs,” saying that such a strong political commitment would be an important asset in the Department’s negotiations with the province. Other interventions at this meeting similarly recognized the progressive efforts of the Department in the face of regressive provincial policies. The CSC approved the Business Plan, noting a large set of concerns with the Community Participation component: the administrative cost for participating agencies, the policing role that agencies would have to take on, the lack of clarity regarding agency involvement in selecting and screening participants, the limited placement choices for francophone clients, and, not least, the impact on those who would be required to participate in the program. The CSC also expressed its concern about the lack of clarity regarding the definition of disability, and it directed the staff to work towards resolving all of these issues. The CSC also passed a resolution stating that

community agencies that received regional funding would not be expected to provide workfare placements as a condition of this funding.

At the same meeting, the CSC passed a resolution calling for an independent volunteer panel with representatives from social service agencies, business, academia, labour, the broader community, and social assistance recipients, to evaluate the RMOC's Ontario Works program and to report at the one-year and two-year marks to the Regional Council. This eventually resulted in an independent, arm's-length Project Team based in the Social Planning Council; it monitored the RMOC's implementation of Ontario Works and made an interim report in October, 1998, and a final report in April, 1999 (discussed below) (Project Team for Monitoring Ontario Works 1999).

These CSC resolutions were ratified by the RMOC Council on April 9, 1997, with just one dissenting vote. In doing so, the Council completed the construction of a united front of elected representatives, Social Services Department staff, and community agencies and activists. The basis of their unity was not outright rejection of the Ontario Works program as it then stood, but consensus that the RMOC should make every effort to develop as progressive a program as possible within the constraints imposed by the province. In retrospect, this moment may be seen as the point at which the phase of resistance to workfare began to give way to a more proactive strategy of constructing progressive alternatives. Proactive thinking preceded this date, and resistance to regressive provincial

policies continued after it, but this was the turning point.

Our account of the resistance to workfare after this date can therefore be condensed. As David Welch had predicted, the province did reject the RMOC's Business Plan for Ontario Works, and staff were forced to return to the CSC and the Regional Council in September, 1997, for approval of an increase in the projected number of Community Participation placements from 225 to 1,238. The staff recommended that the CSC and Regional Council accept the province's targets, which they did reluctantly. However, for the next three years the Social Services Department simply ignored these targets. A Department manager describes what happened:

The result was that in the first fiscal year of community placements Ottawa was dead last [in the province] in terms of numbers. We were given a target; we didn't pay any attention to the target. The target wasn't huge, but we didn't come anywhere close. We were at 40 per cent or something. I was very open with Committee and Council that we weren't pursuing the target. That was not our approach. Our approach was client-centred community placements (Interview #9).

According to an Ottawa Citizen editorial on June 22, 2000, the RMOC was only achieving 22 per cent of its provincially-mandated target by that date; it had risen by then from "dead last" to fourth-from-last in the province. (The target for 2000 was 3,410 Community Participation placements.) The new Minister of Community and Social Services, John Baird, who represented a riding located in the RMOC and who was appointed Minister after the Harris government was re-elected in 1999, had attacked the

region for “not trying hard enough” to get people into workfare placements. The Chair of the Community Services Committee, Alex Munter, defended the region by pointing out that it had successfully placed well over this target in actual paying jobs and wondered why these should not be counted towards its workfare target. Ottawa’s labour market had improved considerably during the late 1990s and people were moving off welfare and into jobs in large numbers. The budget for financial assistance through Ontario Works in Ottawa-Carleton was down by \$50.4 million from 1999, a reduction of more than 17 per cent in one year.

Moreover, after three years of advocacy by the Social Services Department, the MCSS was about to recognize “self-initiated placements based on a two-party agreement between the Department and the client.”¹⁰¹ Finally accepted in 2000, this changed the nature of Community Participation qualitatively. It meant that a client could engage in voluntary activities as a genuine volunteer; the host agency did not even have to know that the individual was a social assistance recipient. For its part, the Social Services Department adopted a policy of accepting self-reporting of hours worked on the part of Community Participation participants; the Department aggregated and reported these

¹⁰¹ RMOC. Commissioner, Social Services Department. Report: Ontario Works Business Plan – Update. (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/18Sep97/Rvsdow.pdf. Accessed January 14, 2007)

numbers to the MCSS. Once these numbers were achieving the target in the Business Plan, the Ministry was satisfied. As the same senior manager put it:

The province wanted numbers.... We gave them numbers. They never, ever questioned the numbers. They wanted to win politically. It wasn't about the substance of the issue of attachment to the labour force (Interview #9).

It is worth noting that Ontario's Provincial Auditor made the same point about the Ministry's focus on numbers and lack of interest in substantive outcomes or the effectiveness of its methodology. In his 1998 report, the Auditor General wrote:

[W]e found that the Ministry did not have the necessary management information to assess the effectiveness of the Ontario Works Program. Instead, the information collected and reported regularly measured program activity levels only, such as the number of registrants with completed participation agreements and the number of participants in Employment Support, Community Participation and Employment Placement activities (Ontario. Office of the Provincial Auditor 1998: 65).

When the Provincial Auditor examined the Ontario Works program again in 2002, it seemed that little had changed:

Although [the Ministry] often cited decreases in the numbers of people receiving benefits as an indication of success, it had little information as to whether their departures were linked to positive program outcomes or had occurred for other reasons (Ontario. Office of the Provincial Auditor 2002: 28).

In Ottawa-Carleton, neither the host community agencies nor the Social Services

Department policed the Community Participation program; their question was not whether the individual was carrying out the mandated activity but whether the placement was serving the needs of the individual. In addition to its acceptance of self-initiated placements, the Department also dedicated a staff team to the identification of suitable placements for clients who requested this support, and over time more community organizations began to accept that Community Participation placements, when genuinely voluntary, could serve the needs both of the individual and of their agency. In this respect, implementation of the Community Participation component in Ottawa-Carleton came to be virtually identical to the volunteer placement option that had been provided in the Opportunity Planning Pilot Project. Once the MCSS agreed to self-initiated placements, the Social Services Department went on a drive to ensure that every social assistance recipient doing voluntary work had this recognized in their participation agreement. Ottawa quickly moved to first place in meeting its provincial targets (Interview #9) and even received bonus funding for its performance in the Community Participation component. Workfare, in the narrow sense of the term, thus receded as a local issue.

This is not to say that Community Participation placements were always positive experiences. The Project Team for Monitoring Ontario Works in Ottawa-Carleton found that experiences were mixed. Some people found that the placement gave them useful work experience, especially in the case of recent immigrants who did not have much

Canadian experience. Other positive aspects of the placements included reduced feelings of isolation, the chance to be active and included, the chance to get a letter of reference for job applications, and genuinely liking the people with whom they worked. The free bus pass provided to each participant was also appreciated. At the same time, some were disappointed that the placement did not seem to lead anywhere and that their skills were underutilized, and thus felt more discouraged at the end of the placement than before. There was a time limit of six months on placements; this seemed arbitrary to some, and one said the termination felt like being fired. Another felt that the program was just a way of keeping people in the system rather than giving them genuine assistance in finding a job. Although there were a few comments reflecting a concern that the receipt of benefits was contingent upon doing well in the placement, for most participants there does not seem to have been any sense of being compelled to accept a placement. On the contrary, the main negative experience seems to have been one of disappointment that the placement was not very effective in meeting their needs. However, considering the high level of concern about workfare after the election of the Harris government in 1995, it seems safe to conclude that the coercive and stigmatizing features of this aspect of Ontario Works had been successfully resisted and subverted as early as 1998 (Project

Team for Monitoring Ontario Works 1999: 22-24),¹⁰² and certainly by 2000.

7.2.4 Resistance to other regressive aspects of welfare reform

The extralocal rule regime embodied in Ontario Works had many aspects. Workfare, benefit reductions, downloading, and funding cuts to social agencies were not the only issues raised by the welfare reform policies of the Harris government. This sub-section reviews a number of other regressive features of the province's policy during the Common Sense Revolution — the Service Delivery Model, mandatory drug and literacy testing, and the lifetime ban for welfare fraud — and describes how the local anti-poverty movement responded to them.

In 1997, the MCSS launched a process it called the Business Transformation Project (BTP) to re-engineer the delivery of social assistance in Ontario. The Ministry negotiated an agreement with Andersen Consulting (renamed Accenture in 2001), a multinational consulting company based in Chicago, to implement it. Using methods adapted from the private sector, Accenture developed a highly prescriptive set of procedures and technologies called the Service Delivery Model (SDM). The SDM became an integral

¹⁰² Because the Project Team used qualitative methods – interviews and focus groups – there was no quantitative measure of the relative incidence of positive and negative experiences. In any case, the typical experience seems to have been a mixture of positive and negative aspects. We should note as well that the research was conducted less than one year into the program, in May 1998, when there were only 165 formal Community Participation placements.

component of the extralocal rule regime governed by the Social Assistance Reform Act and its Regulations and Directives.

Developed and introduced incrementally over five years, the SDM had the following formal objectives: to improve client service, to increase support for the delivery of employment assistance, to “improve program integrity” (that is, to reduce fraud), and to reduce expenditures. There were four main elements: (1) a two-step application process, beginning with a telephone call to one of seven Intake Support Units (ISU), followed by a face-to-face interview, to determine eligibility for assistance; (2) an automated telephone system called the Interactive Voice Response System (IVR) through which clients could get general information and by which they were required to make regular reports on their activities and earnings; (3) the Consolidated Verification Process (CVP), a standardized method for assessment and review of eligibility of Ontario Works and OW clients; and (4) a province-wide, Web-based technology platform called Service Delivery Model Technology (SDMT) that was intended to support application intake, ongoing eligibility determination, calculation of benefits, delivery of employment supports, and day-to-day case management.

There were many practical difficulties with the development of the SDM, including large cost overruns and a computer system so inflexible that it required 8 months and \$10 million to re-program it when the new Liberal government, elected in 2003, finally

brought in a 3-per cent increase in benefit rates. These were serious issues and received a great deal of attention from the Provincial Auditor and the press.¹⁰³

More significant from our perspective, however, was the impact of the SDM on the social assistance system and the people who used and operated it, the clients and the front-line staff. In June, 2002, Dick Stewart, by this time the Manager of People Services for the new City of Ottawa (successor to the Social Services Department of the RMOC) reported to the Health, Recreation, and Social Services Committee (successor to the Community Services Committee) that none of the formal objectives of the SDM were being met. Client services had deteriorated, support for the delivery of employment assistance had been undermined, program integrity had been breached, and costs had increased.¹⁰⁴ The following is a brief account of the issues.¹⁰⁵

The two-step intake process required applicants for social assistance, as their first step, to make a telephone call to the Intake Support Unit (ISU) for their region. The ISU was a

¹⁰³ See especially the Provincial Auditor's Report for 2002 (Ontario. Office of the Provincial Auditor 2002: 23-61). For examples of press accounts, see Brennan and Benzie (2004) and Songini (2005).

¹⁰⁴ City of Ottawa. General Manager of People Services. Report: Service Delivery Model Issues and Financial Implications Regarding Ontario Works and the Ontario Disability Support Program. 20 June 2002. Ref. No. ACS2002-PEO-EFA-0001.

¹⁰⁵ This account is based on Stewart's report and articles by researchers supported by the SSHRC-funded Social Assistance in the New Economy program, based at the University of Toronto Faculty of Social Work: Herd and Mitchell (2002), Lightman, Mitchell and Herd (2004a), Herd, Mitchell and Lightman (2005).

call centre staffed by people trained to administer a standardized script eliciting information about the caller's income, assets, and expenses, and to reach a "conclusion" regarding their eligibility for social assistance. There were seven ISUs in the province. The ISU for eastern Ontario was located in Trenton, in Hastings County. The RMOC, which accounted for about half of all applicants in eastern Ontario, had applied to host an ISU but was turned down, perhaps because of the RMOC's known hostility to Ontario Works (Interview #9). Therefore, people in need in Ottawa and eight other municipalities in eastern Ontario spoke first by telephone with a call centre worker in Trenton. The SANE research found that the call centre script and related procedures for appealing decisions of ineligibility by the call centre staff were designed to maximize the rate of rejections. Moreover, the method itself, a telephone call of 20 to 90 minutes to an impersonal call centre, providing detailed personal information, was inappropriate for applicants who had no access to a telephone, whose command of English or French was limited, whose circumstances were complex, or who had physical or mental health issues. The result, the SANE researchers concluded, was that many applicants in need were "discouraged, diverted, and disempowered".¹⁰⁶

The Consolidated Verification Process (CVP) changed the way in which clients'

¹⁰⁶ See Herd and Mitchell (2002) for detailed descriptions of the two-step intake process, including the texts of form letters and the narrative descriptions given by applicants of their experiences.

applications were assessed and their files reviewed on an ongoing basis. Previously, clients had had their files reviewed at regular intervals. The CVP required a review whenever certain “risk factors” for fraud crossed a specific threshold. For example, a person paying more than 80 per cent of their reported income for accommodation costs was considered a high risk for fraud; a medium risk was 75 to 79 per cent. Thus, a single person receiving Ontario Works benefits of \$520 per month, plus refundable Ontario and GST tax credits of \$30, would be considered a high risk for fraud if they were paying more than \$440 per month for their rent and utilities, and a medium risk if paying more than \$390. When we recall that the province cut benefits by 21.6 per cent in 1995 and froze them at that level for nine years, this was a clear case of adding the injustice of misrecognition to that of maldistribution. Rents in Toronto and Ottawa were rising quickly during this period, while benefit rates remained static. This resulted in large numbers of people being moved automatically into medium or high risk categories, thus triggering mandatory file reviews. A new category of worker, the Verification Specialist, was created at the local level to ensure that a client’s file was reviewed by their caseworker whenever the computer system identified the occurrence of a risk factor. Before the CVP, the computer was a tool to be used at the discretion of the caseworker. Under the CVP, if the client’s caseworker did not carry out the required review, the computer would not produce the client’s cheque. The client was required to produce a large variety of documentation – an “excessive” amount, according to the SANE

researchers – and to give the caseworker access to third-party sources of data on themselves. The caseworker was required to input the required information to the computer, put signed documents on file, and pass the file through the Verification Specialist before the computer system would produce a cheque. It was not unusual for workers to get behind on their paper work. For the client, this system created the very serious risk that they would not be able to pay their rent or buy their groceries. For the front-line worker, the system changed the nature of the work significantly. One Ottawa worker put it this way; “It’s the whole idea of Feeding the Beast.... I don’t think that it has a lot to do with making my job of caseload management any easier” (quoted in Lightman et al. 2004a: 8). A worker in Toronto made the following observation on the effects of the SDM:

Look at the service delivery model technology and just take one client and time how long it takes to read through the file and get some clarity on what the major issues are. Is there abuse? Are there any mental health issues? See how long it takes to do. Instead of having a narrative, now we have all these rabbit warrens where we put pieces of information. We are getting better at learning how to streamline it, but there are hundreds of different categories. It’s put a grenade into our understanding of the client: it’s just bits and pieces. I used to be able to sit down with a file and figure out what the major issues to be addressed were. Now it’s a real barrier to be able to see the client holistically and that has a huge impact on our practice and our service delivery. I can’t emphasize it enough. A systems analyst with a social work background needs to sit down and critically assess the service delivery model technology and the impact that it has on our ability to case-manage clients. (Ibid.: 1)

Far from improving client service, then, the SDM detracted from the ability of the front-line staff to work with the clients on a one-to-one basis. As the SANE researchers concluded, the SDM was designed to detect fraud and to reduce caseloads and costs, and gave very little attention to supporting the clients' efforts to deal with the issues that had brought them into the welfare system or to move to a condition of income security. Moreover, it reinforced the stigmatizing effects of the welfare system with an updated version of the "rituals of degradation" that had been typical of these systems since Elizabethan times (Herd et al. 2005).

After the re-election of the Harris government in 1999 and the appointment of John Baird as the Minister for Community and Social Services, further policy initiatives intensified the stigmatizing effects of the welfare system. As promised in their re-election platform, in April, 2000, the provincial government instituted a lifetime ban from welfare benefits for anyone convicted of defrauding the system. Then, in November, 2000, Minister Baird announced compulsory drug and literacy testing for welfare recipients. Anyone refusing testing, or refusing treatment if found to be addicted or illiterate, would lose their benefits. These initiatives were viewed by opposition parties and social service professionals not as serious efforts to solve real social problems but as politically-driven

attempts to reinforce negative stereotypes of welfare recipients.¹⁰⁷ This critique was given much added credibility when, at his news conference announcing mandatory drug testing, Baird stood between posters portraying an arm being injected with a needle, and tossed syringes around the room, telling the media he didn't want the poor "shooting their welfare cheques up their arms," or using "their welfare cheque to feed their drug habit instead of feeding their children" (Coyle 2000). An investigative report on the background to this news conference later revealed that everything from the posters to the syringes to the pithy sound bites to the wallpaper in the conference room with the slogan "Welfare to Work/Drug Treatment" had been carefully scripted during weeks of preparation and focus-group testing by his political staff (Simmie 2003). This was a professional effort to promote a moral underclass discourse.

The new "get tough" policies introduced after the 1999 re-election were consistent with the "work-for-welfare" message of the first term. The overriding objectives were to reduce caseloads and cut costs. The fates of individual welfare recipients were not a concern of the Harris government, as evidenced by its lack of attention to the outcomes of their policies beyond caseloads and budgets. During the entire period of the Common Sense Revolution, the provincial government did not carry out an evaluation of the

¹⁰⁷ See the following sample of media accounts: (Boyle 2000; Coyle 2000; Mackie 2000a; Ottawa Citizen 2000)

Ontario Works program. In the absence of any formal evaluation findings, the government defined success as a reduction in the number of social assistance cases and beneficiaries, and attributed this reduction to its policies. In a pamphlet published in 2000, Minister Baird reported that “more than 500,000 Ontarians [had] stopped relying on welfare since 1995,” with savings to the taxpayer of over \$8 billion (Ontario. Ministry of Community and Social Services 2000: iv). Baird continued:

These successes were no accident. They happened because the Ontario government took the tough decisions necessary to transform welfare from a passive program into a mandatory welfare-to-work program for all able-bodied people (Ibid.).

The pamphlet attributed the outcome to the reduction in benefit rates, “cracking down on welfare fraud,” administrative efficiencies, and the positive effects of its Employment Supports, Employment Placements, Community Participation, and Learning, Earning, and Parenting programs.

There is no evidence for any of these claims; the evidence that is available serves to expose them as groundless. Workfare Watch Bulletin #11 (November 2000) uses multiple regression analysis to demonstrate that cuts in benefit rates had a negligible effect on the social assistance caseload, and that the most significant explanatory variable was the reduction in the general rate of unemployment during the 1995-2000 period. Ontario’s Provincial Auditor found major *inefficiencies* in the restructuring of the

administration of social assistance under Ontario Works, as noted above (Ontario. Office of the Provincial Auditor 2002: 23-61). The “crackdown on welfare fraud,” according to the MCSS pamphlet cited above, resulted in 1,123 convictions in 1997-98 and 747 in 1998-99, years in which the caseload dropped by over 40,000. Thus, the “crackdown” had no more than a marginal effect on the caseload reduction. What seems likely, but has not been investigated systematically, is that the stigmatization of welfare recipients served to shame those receiving social assistance, and to discourage others who were in need from applying for it, and that this contributed to some unknown extent to the reduced welfare rolls.

This policy environment – one of workfare, benefit cuts, stigmatizing stereotypes of welfare recipients, and prescriptive, system-dominated working methods – was demoralizing for the staff of the RMOC Social Services Department and, later, the People Services Department of the new City of Ottawa, especially those in the Employment and Financial Assistance Branch who were working directly with clients. As we saw in Chapter 6, the RMOC Social Services Department had a good reputation for the professionalism and progressive attitudes of its management and staff. This was reconfirmed by the community-based Project Team for Monitoring Ontario Works:

There was some recognition on the part of participants in our study that the Regional Municipality of Ottawa-Carleton (Social Services Department) has taken an approach to the implementation of the Ontario Works Program which is different from that of the provincial government. *The approach in the RMOC is gentler and more flexible than in other areas of the province* (Project Team for Monitoring Ontario Works 1999: 3, emphasis in original).

Nevertheless, by virtue of their strategic choice in May, 1996, to acquiesce in the imposition of the Ontario Works program and to make it as progressive as possible under the circumstances, the staff, management, and councillors had little choice but to implement the mandatory elements of the program, resisting and subverting the most destructive aspects as far as possible. This is not to deny that there were both staff and councillors who supported the workfarist direction and the “get tough” message of the Harris government. They were present on the Council, as we have seen, and they were also on the staff. One senior manager described the initial reaction of staff to the welfare reform agenda of the Common Sense Revolution this way:

We had front-line staff who stood up and applauded the election of the Tory government, the crackdown on welfare fraud.... I'm pleased to say it wasn't a majority, but a vocal minority who said it's about time we got real. We had staff who were so petrified about working in this environment that they wanted to quit. And we had people in between who said let's wait and see what's going to happen. (Interview #9)

Over time, however, the difficult policy environment proved to be a barrier to the recruitment of progressive staff and it tended to wear away the progressive outlook of the

existing staff. In 2005, one line manager in an Ottawa welfare office told me:

Hardly anybody wants to work in welfare, or considers the skill set they have to be put to good use in a transfer agency.... It's only recently – the last two years – that I have been able to get placement students coming back to work here from Carleton. It's been mostly students from Algonquin who come here. The perception is that this is a college grad's job, not the job for an MSW.... I get calls from social workers, calling me upset about the treatment one of their clients has had at the hands of one of my staff. The criticism would eventually get around to 'Well, I'm a social worker and these people [staff] are not professionals.' They see us as bank clerks in disguise with no sensitivity to clients. They don't see social work being done here; they see us as lackeys to the state, there primarily to keep thumbs on the poor. That gets internalized [by the caseworkers] and you end up getting the kind of program that you have been screaming about. (Interview #16)

In the last two years of the Common Sense Revolution,¹⁰⁸ according to a senior manager, a battle developed for the “hearts and minds” of the front-line staff, the caseworkers (Interview #9). On May 3, 2001, Minister Baird announced an advanced training program for caseworkers “on the new focus of their profession, which is helping put people back to work.”¹⁰⁹ This provincial training program was a source of concern to the senior managers of People Services, who viewed it as a “re-education camp” of the Common Sense Revolution (Interview #9). Had it been implemented, it might have helped to

¹⁰⁸ Opinions vary on the end date of the Common Sense Revolution. Some would date it to the resignation of Mike Harris as Premier and his replacement by former Finance Minister, Ernie Eves, and the appointment of a new cabinet in April, 2002. Others see the victory of the Liberal Party of Dalton McGuinty in October, 2003, as the final demise of the CSR.

consolidate the ideology of workfarism in the front lines of Ontario Works programs across the province. As it turned out, it was still in the planning stage when Baird left office in April, 2002, and had still not been implemented when the Progressive Conservatives were defeated in the 2003 election. Nevertheless, the factors mentioned by the line manager above were a sufficient source of concern in themselves, and they remained in 2005. The challenge was to make the caseworker's job one that was genuinely progressive, professional, and helpful to the client, and viewed as such by the clients, the caseworkers themselves, potential recruits, and other social workers in the broader community – all of this in the context of an extralocal rule regime that was punitive, stigmatizing, and designed above all to reduce caseloads and costs.

Although forced to implement the SDM and the mandatory policies, there were some forms of resistance available. One was political protest. By the time the new amalgamated City of Ottawa came into existence in January, 2001, it was not difficult to assemble a majority of councillors to protest actions of the provincial government. The experience of downloading since 1998, combined with the transfer to the new City of Ottawa in 2001 of an unexpected \$189 million in unanticipated transition costs, caused considerable hostility toward the Harris government on the part of Ottawa's mayor and

¹⁰⁹ Ontario Hansard, May 3, 2001.

councillors.¹¹⁰

After Commissioner Stewart presented his critique of the SDM to the HRSS Committee in June, 2002, anti-poverty activist Linda Lalonde, by this time Chair of the City of Ottawa's Poverty Issues Advisory Committee, spoke to the committee about the problems the SDM created for clients and expressed concern that staff were not recommending action of any kind. She urged the committee to bring a motion to the full City Council and to send a "strongly-worded letter" to the new Minister, Brenda Elliott, outlining the problems associated with this program. The committee did so, unanimously passing a motion "that the City of Ottawa indicate to the Minister of Community, Family and Children's Services (and to area MPP's) our grave concerns over the Provincial Service Delivery Model of Social Assistance, from the point of view of reducing quality of service to the public, increased costs to the City of Ottawa and the lack of public accountability of these increases; and, further, that the staff report be forwarded as well."¹¹¹ This was carried, with no dissent, by the full City Council a week later. There is no indication that this had any effect on the province's policy on the SDM, but Stewart's report became an important source of evidence for the SANE researchers. It

¹¹⁰ See the Minutes of the Ottawa City Council meeting of February 9, 2001. (<http://city.ottawa.on.ca/calendar/ottawa/citycouncil/scc/2001/02-09/minutes5.htm>. Accessed January 25, 2007).

¹¹¹ Minutes of the HRSS Committee, June 20, 2002.

was the only comprehensive critique of the SDM produced by a municipal social assistance delivery agency. The City Council resolution also gave moral support to the front-line workers and clients who were trying to cope with the system.

Ottawa's anti-poverty network — that is, the community-based anti-poverty activists, certain of the City of Ottawa's councillors, and social services staff — also played a significant role in the province-wide resistance to the lifetime ban for welfare fraud. In the Legislative Assembly and around the province, opposition parties and anti-poverty activists pointed out that the government was deliberately inflating the incidence of welfare fraud by including in its statistics people who had been denied benefits because of changes in eligibility requirements, notably the reimposition of the spouse-in-the house rule and the new, broader definition of "spouse" as any adult of either sex residing with the recipient and contributing to household chores (Mackie 2000a). The Toronto Star analyzed the government's own data and, in an editorial on January 10, 2000, concluded that the real incidence of actual welfare fraud amounted to about one-eighth of one per cent of the caseload.

Resistance to this lifetime ban went beyond the usual grouping of opposition parties, unions, and anti-poverty activists. In May, 2000, the RMOC Community Services Committee received and discussed resolutions sent from the North Bay City Council and the Waterloo Regional Council calling on the provincial government to reconsider and

rescind the lifetime ban. The punishment, the Waterloo resolution pointed out, was out of proportion to the offence; a lifetime ban would have extreme consequences for a recipient and their family, and would have broader consequences for the community. In Ottawa, Councillor Diane Holmes observed that a conviction for theft could bring a sentence of nothing more than several hours of community service, while failing to declare bingo earnings to one's Ontario Works caseworker could result in a person's loss of the right to the income support of last resort, for life. The CSC supported the North Bay and Waterloo resolutions, passing a similar motion which was later ratified by the full RMO Council by a vote of 10 to 2.¹¹² In addition to North Bay, Waterloo, and Ottawa, at least seven other municipalities passed similar resolutions, including Toronto, Thunder Bay, London, Hamilton-Wentworth, Sudbury, Brant County, and Simcoe County (Canadian Press 2002).

In the summer of 2001, the lifetime ban and the government's policy of zero tolerance came under attack after the death of Kimberly Rogers, a pregnant woman who died in her Sudbury apartment while under house arrest for the crime of having collected welfare benefits while also receiving a student loan to attend community college. Under the earlier Family Benefits Act, Kimberly Rogers's behaviour would have been rewarded and

¹¹² CSC Minutes, May 4, 2000; RMO Council Minutes, May 24, 2000.

hailed as a success story. The case became a *cause célèbre*, boosting opposition to the lifetime ban. In Ottawa, a coalition of agencies and activists pressed the City Council to speak out on the issue, to report on the effects of the lifetime ban in Ottawa, and to intervene in the coroner's inquest held in Sudbury the following year. The People Services Department reported that there were 14 people who had been subjected to the lifetime ban in Ottawa by mid-2002. The City Council passed a resolution opposing the lifetime ban, reaffirming the position taken by the RMOC Council in 2000, and it contributed \$5,000 to the Elizabeth Fry Society to support a coalition it was to lead with intervenor status at the inquest. Mayor Bob Chiarelli also wrote to the new Premier, Ernie Eves, asking him to repeal the lifetime ban without delay.

At the coroner's inquest, the coalition of anti-poverty groups used its intervenor status to put the welfare system itself on trial. Although the coroner ruled them out of order on several occasions, their interventions regarding the inadequacy of benefits, the rules governing eligibility and disqualification, and the health risks created by the new welfare policies, received widespread media coverage. At one point, the coalition even took the coroner to court to seek an order requiring him to hear testimony on the broader welfare issues. Although the court ruled against them, the publicity generated for the case was probably greater than it would have been had their testimony been allowed in the first place. When the coroner's jury had completed its deliberations, its fourteen recommendations included the following five directed to the Government of Ontario and

to the Minister of Community, Family & Children's Services:¹¹³

1. The zero tolerance lifetime ineligibility for social assistance as a result of the commission of welfare fraud, pursuant to *Ontario Works Act, 1997, O. Reg. 134/98 Section 36* should be eliminated. The temporary ineligibility in the instance of offences that have occurred before April 1, 2000, should also be eliminated.

Rationale: Evidence indicates that this would have a devastating and detrimental effect on our society. To prevent anyone of having to go without food and/or shelter, to be deemed homeless and therefore and most importantly, to prevent the death of impoverished individuals.
[sic]

2. A provision should be added to the Ontario Works Act permitting Local Ontario Works Administrators to exercise discretion in the use of any suspension of Ontario Works benefits, in instances that could be life-threatening to client and/or dependents.

Rationale: Evidence indicates that suspension of benefits is detrimental to the client and the community.

....

4. The Ministry of Community, Family, & Children's Services and the Ontario Works Program should assess the adequacy of all social assistance rates. Allowances for housing and basic needs should be based on actual costs within a particular community or region. In developing the allowance, data about the nutritional food basket prepared annually by local health units and the average rent data prepared by Canada Mortgage and Housing Corporation should be considered.

¹¹³ Source: Web site of DisAbleD Women's Network Ontario (DAWN)
(http://dawn.thot.net/Kimberly_Rogers/krial18.html. Accessed January 26, 2007)

Rationale: To ensure that social assistance rates are adequate and adjusted annually if necessary.

....

7. A committee should be established by the local delivery agents for Ontario Works under the auspices of the Ontario Municipal Social Services Association composed of various stakeholders including representatives of the Ministry of Community, Family, & Children's Services, Ontario Social Safety Network and the Steering Committee on Social Assistance. This committee's mandate would be to develop a model to be used throughout the province for the assessment of whether cases involving allegations of welfare fraud should be referred for prosecution. Such a model could be based on an enhanced version of the Sudbury model which would include an evaluation of the life circumstances of the recipient and the consequences of a conviction on the recipient and/or dependents.

Rationale: There should be a full appreciation of the person's life circumstances and the impact of the consequences of a fraud conviction. During this inquest, it was noted, that the various Organizations, including Charitable Organizations, assisted the deceased prior to her death, therefore they should have an active voice in this Committee.

8. Ontario Works benefits for drug therapy for the treatment of medical conditions that threaten life or cause serious symptoms should not be discontinued during any Ontario Works suspension.

Rationale: Evidence showed that discontinuation of drug therapy would be life threatening.

These recommendations and the widespread publicity they received represented a major moral victory for the anti-poverty network in Ontario, but the government of Ernie Eves was unmoved. None of these five recommendations was implemented before the

government went down to defeat to the Liberals under Dalton McGuinty in October, 2003. The McGuinty government rescinded the lifetime ban shortly after taking office, and the Ministry has since implemented the second recommendation, permitting the local Ontario Works Administrator to exercise discretion in the use of any suspension of Ontario Works benefits. However, there have been only minor increments to the welfare benefit rates, and no movement towards basing them on actual costs for housing and basic needs. According to the Income Security Advocacy Centre (ISAC), none of the other recommendations noted above have been implemented to date.¹¹⁴

The compulsory literacy test went into effect on October 1st, 2001, and is still in effect at the time of writing. In a presentation to the Ottawa City Council's HRSS Advisory Committee on March 25, 2002, the Director of the Employment and Financial Assistance (EFA) Branch reported that applicants who had less than a Grade 12 education (47 per cent of all applicants), and who did not have a learning disability, were required to take a 10-minute, six-question test to assess their literacy skills. However, there was no compulsory follow-up. Indeed, it would have been impossible to accommodate a large number of additional learners in Ottawa's small, underfunded network of literacy education programs. At the time of Minister Baird's announcement, the Ottawa-Carleton

¹¹⁴ See the ISAC Web site (<http://www.incomesecurity.org/challenges/documents/Reportcard.web.pdf>). Accessed January 26, 2007.

Coalition for Literacy had just begun a new partnership with the City of Ottawa People Services Department to improve access for welfare recipients. But since Baird's announcement did not include any extra funding for literacy education programs (Denley 2001), it was not only inappropriate but also impossible to compel most welfare recipients to enter a literacy program. Even those requesting literacy training would most likely have to be placed on a waiting list.

Nevertheless, many applicants found the test intimidating. "We tell clients that it doesn't matter if they fail or pass the tests, but it only leads them to confusion. It scares them and provides barriers for people already strained due to lack of employment and possible illiteracy," the EFA Director said.¹¹⁵ The approach taken by the City's People Services Department was thus similar to its policy on Community Participation. Entering a literacy program was to be voluntary. The caseworker would assist the client to find a suitable program if this was the client's choice. However, a place could not be guaranteed on request.

The Harris government was widely criticized for the compulsory drug testing initiative and the threat to cut off benefits to anyone refusing treatment for an addiction. The Ontario Human Rights Commissioner informed Minister Baird that, under the province's

Human Rights Code, addiction to drugs or alcohol was considered a “handicap,” and people with handicaps had a right to equal treatment in services. Although not directly stated in the text of the Ontario Human Rights Code, the Ontario Court of Appeal had ruled in July 2000: "Substance abusers are handicapped and entitled to the protection of the [Human Rights] Code" (Mackie 2000b). Perhaps recognizing that these legal issues might thwart its plans, the provincial government decided on a go-slow approach. It introduced pilot programs in a four mainly rural jurisdictions: Algoma, Parry Sound, Prince Edward-Lennox and Addington, and Thunder Bay. These were later extended to five similar sites. Along the way, the policy was quietly changed. The pilot programs led the Ministry to develop a voluntary addiction recovery program for Ontario Works clients called the Addiction Services Initiative (ASI). The ASI has slowly been expanded to other sites. During 2006-7, Ottawa is testing out its own ASI program for the first time, after extensive consultation with the network of community organizations involved in delivering programs for addiction recovery. The program in Ottawa, which is completely voluntary, is 100-per cent funded by the MCSS. It is considered an additional strategy to support the broader Ottawa Integrated Drugs and Addictions Strategy.¹¹⁶

¹¹⁵ Minutes of the Health, Recreation and Social Services Committee, March 25, 2002.

¹¹⁶ For a summary of Ottawa’s Addiction Services Initiative for Ontario Works Participants, see the Report of the Deputy City Manager to the HRSS Committee, January 23, 2006. Ref. No. ACS2006-CPS-EFA-0001

In summary, in Ottawa there were a number of successes in the resistance to workfare and other regressive aspects of the welfare reform agenda of the Common Sense Revolution during the years 1995 to 2003. Some of these successes resulted from action taken at the local level, while others resulted from province-wide resistance to which local actors contributed. It is difficult to assess the extent to which this resistance contributed to the decline of popular support for the Common Sense Revolution itself, but it surely played a part.¹¹⁷ However, the story is of a running battle, not a complete victory for either side. There was very little change in the government's official welfare policy before the change in ruling party in 2003. The benefit cuts, the basic elements of the Ontario Works program, the Service Delivery Model, the compulsory literacy testing – all remained in place, and in fact changed only marginally under the McGuinty government that followed. Therefore, to address the question of whether a local anti-poverty network can work effectively with and through a municipal government to achieve progressive social assistance policy even when it must move against countervailing currents at other levels of government, we must look beyond strategies for

(<http://www.ottawa.ca/calendar/ottawa/citycouncil/occ/2006/03-08/hrss/ACS2006-CPS-EFA-0001.htm> Accessed January 27, 2007.)

¹¹⁷ When Harris resigned as Premier in the fall of 2001, he was widely known as “Mike the Knife” and “Chainsaw Mike.” The victory of Ernie Eves over Jim Flaherty in the subsequent leadership race suggested a movement of the Progressive Conservative Party itself from the right-wing neoconservative policies of Mike Harris towards the political centre, and this movement was confirmed when Flaherty was defeated again by John Tory after Eves's resignation in 2004.

copied with fiscal retrenchment and for resisting and subverting policies and programs imposed from above. We next examine the proactive measures taken to construct progressive local alternatives to the workfarist extralocal rule regime.

7.3 Constructing progressive alternatives

7.3.1 People's Hearings on Poverty

The People's Hearings on Poverty were an initiative of the Interfaith Social Assistance Reform Coalition (ISARC) and the Ontario Social Safety Network (OSSN), two province-wide anti-poverty networks, one faith-based and one secular, with members in Ottawa-Carleton. In 1997, two years after the social assistance benefit cuts, ISARC and OSSN members had already organized people's hearings in several other Ontario communities. In Ottawa, the initiative came first from the Faith Partners Group, an informal, faith-based advocacy network on Ontario's social policy. The Social Planning Council took up the idea and convened an organizing committee comprising Faith Partners, the Coalition of Community Health and Resource Centres, the Family Service Centre, the Anti-Poverty Project, the Child Poverty Action Group, and Labour Community Services, the latter a joint project of the Ottawa District Labour Council and the United Way. The organizing committee convened five hearings in Ottawa, one francophone, one bilingual, and three anglophone. They invited individuals, families, and groups to make presentations in any medium of their choice – reports, stories, drawings, drama, etc. – on the effects of the social assistance cutbacks and ideas for solutions to

poverty in the community. Each hearing had a panel of neighbourhood and regional leaders to receive and record the presentations. The organizing committee sought and received an endorsement from the RMOC Community Services Committee and an undertaking to bring their findings before the full RMOC Council early in 1998.

The five People's Hearings in Ottawa in the fall of 1997 elicited more than 100 presentations from a diverse range of people, including "seniors, street people, new Canadians, single parents, rooming house residents, caregivers, those suffering from mental and physical disabilities and the unemployed and underemployed" (Morris 1998). The prior undertaking by the RMOC Council to hear the findings of the hearings gave added impetus to the events. A team of panel members and presenters synthesized what they had heard into a set of recommendations and addressed them to a full meeting of the RMOC Council in March, 1998. Some 300 people packed the Regional Council chambers for the occasion (Lofaro 1998); this was the first time that the RMOC Council had ever agreed to receive a community delegation during a regular meeting of the Council (Morris 1998). The recommendations, which were "rooted in what presenters expressed at the hearings,"¹¹⁸ addressed issues of employment, social assistance benefits,

¹¹⁸ Report of the Organizing Committee of the People's Hearings on Poverty, People First/Les gens d'abord, March 1998. Recommendations from the Report are attached to the Minutes of the CSC Meeting of April 16, 1998. (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/16Apr98/Peoples.pdf. Accessed January 28, 2007).

housing, community programs, education, child care, access to transportation, hydro and telephone services, and participation by people with low incomes in the making of public policy. In each of these areas, the recommendations distinguished between actions that fell within the RMOC's mandate and those that were a provincial or federal responsibility. Where the Region was the responsible body, the presentation aimed to make constructive recommendations: establish a local micro-credit scheme to support community economic development, expand social housing, license and inspect boarding houses, establish a liaison between the Social Services Department and the school boards to find ways to reduce the stigma experienced by students from low-income families who could not afford the growing number of user fees, expand child care programs and make them more flexible to reflect changing work patterns, make public transportation and telephone service more accessible to people who could not afford them and who were socially isolated as a result. Where the provincial or federal government was the responsible body, the recommendations called upon the RMOC to work in partnership with community organizations and social action groups to press for change.

The report of the People's Hearings was well received by the RMOC Council, which mandated the CSC to act on its recommendations. Two of these recommendations addressed the question of follow-up. The People's Hearings called for two task forces, one on poverty issues and one on employment, to work on positive solutions to the issues it had identified. The Community Services Committee and the Social Services

Department responded positively to these recommendations, supporting the creation of a Task Force on Poverty by September, 1998, and a Task Force on Employment that began work in January, 1999. Let us look at each in turn.

7.3.2 Task Force on Poverty

The process and the outcome of the work of the Task Force on Poverty is remarkable for the degree of cooperation it demonstrates among the RMOC Council, the regional staff, community-based agencies, and the representatives of people living in poverty who were involved. Its history suggests at least one reason that a more confrontational style of community organizing did not attract much support in Ottawa-Carleton at this time.

After the positive reception of the People's Hearings' recommendations by the RMOC Council, groups began meeting around the city, facilitated by community development staff of the community health and resource centres. The cores of these groups were primarily people who had made presentations to the People's Hearings, but they were joined by others who lived in poverty and who had become aware of the initiative through the publicity around the RMOC's decision to support the creation of a Task Force on Poverty. These groups became known as clusters. There were five clusters, organized geographically according to the catchment areas of the community resource centres. The original organizing committee of the People's Hearings and representatives of the clusters worked with the Social Services Department to organize the Task Force.

Each cluster elected two representatives and two alternates to the Task Force. These representatives reported back to their clusters regularly. Other Task Force members included regional staff from RMOC departments – Social Services, Health, Planning and Development, Social Housing, and OC Transpo – as well as representatives of the Ottawa Economic Development Corporation and the Alliance to End Homelessness; the former was a public-private partnership promoting economic development and the latter was a coalition of community agencies and organizations concerned with social housing. The early sessions of the Task Force invested time in building good working relationships among all the participants.

The Task Force established sub-committees in each of its sectors of interest: housing, public utilities, education, recreation, food security, child care, transportation, employment and income security, and public participation. The sub-committees drew others into the process, including the alternates from each cluster. Eventually all four representatives from each cluster were recognized as full members of the Task Force. Altogether, there were 31 members of the Task Force, of whom 20 were cluster representatives.

The purpose of the Task Force was to develop concrete, practical solutions to the issues raised in the People's Hearings. It adopted a set of working principles suggested by a Caledon Institute publication, "Community-Based Poverty Reduction" (Torjman 1998b):

(1) mobilize all sectors of the community to create economic and social opportunities for low income households rather than keeping them as “clients” of services (the activation principle); (2) engage disadvantaged populations and neighbourhoods to participate in the governing process, recognizing their assets, ideas, and talents; (3) integrate economic and social goals, including combining job training and placement, job creation and retention, and self-employment strategies; (4) build community assets by recognition of existing resources and talents, and by investing in the development of new skills. The Caledon Institute suggested four key types of intervention: (a) meeting basic needs; (b) removing barriers; (c) building skills; and (d) promoting economic development.

The Caledon Institute’s approach recognized that local initiatives were not sufficient in themselves, that good public policies were necessary at the provincial and federal levels to ensure adequate levels of income security, education, health, housing, child care, and other necessary social services. This, however, did not mean that nothing could be done until such policies were in place. The Task Force focused on actions that could be undertaken immediately by the RMOC.

The Task Force made an interim and a final report, the former in July, 1999, and the latter in February, 2000. Recommendations for action by the RMOC addressed issues of housing, access to public utilities, education, recreation, transportation, food security,

child care, employment and income security. These included such basic and inexpensive actions as developing an inventory of accessible housing, supporting public education on tenants' rights, making it possible to buy a single ticket for transportation on OC Transpo, and developing more community gardens. The Task Force also asked the RMOC to expand the number of affordable housing units in the Region, to create a 24-hour child care service, to prevent the cut-off of hydro services to people who could not make their bill payments, and to initiate a Micro Investment Fund for community economic development. It suggested a number of specific community economic development and training projects, such as the re-conditioning and repair of washers and dryers for social assistance recipients.

The Task Force also urged the RMOC to enhance its internal capacity to advocate policy changes at other levels of government. It called on the RMOC to lobby for increased social assistance rates and subsidies for basic needs, for expanded access to licensed day care, and for the right of a person to receive social assistance benefits while studying for an initial post-secondary degree.

A final recommendation asked the Region to establish a standing Advisory Committee as a mechanism for ongoing public participation by people with low income. This would be important both for monitoring implementation of the Task Force recommendations and for identifying emerging issues. This recommendation led to the creation of the Poverty

Issues Advisory Committee of the new City of Ottawa in 2001.¹¹⁹

Two features of this set of recommendations stand out: the modest nature of the recommendations for direct action by the RMOC, and the almost total focus of the advocacy recommendations on improvements to income supports. Most of the recommendations are examples of the Caledon Institute's first two types of intervention: meeting basic needs and reducing barriers, although a few of the more significant recommendations do address the need to build skills and to promote economic development. The emphasis on basic needs reflects the immediate issues facing people living in poverty in Ottawa-Carleton in 1999. The cuts to social assistance benefits in 1995 had severely restricted the everyday life of people who needed them, to the extent that one recommendation was to establish a way to purchase a single ticket for access to public transportation. Meeting basic needs is essential, and a prerequisite to the other types of interventions advocated by the Caledon Institute for community-based poverty reduction. Applying Nancy Fraser's criterion, parity of participation, it should be evident that ensuring coverage of basic needs is an essential starting point for any approach to promoting basic capability equality and to advancing redistribution and recognition.

The recommendations of the Task Force on Poverty were a start, a set of priorities

¹¹⁹ For the complete set of recommendations made by the Task Force on Poverty, see Appendix C.

developed by a representative group of people. One might have expected them to be uncontroversial, but this was not the case. When the interim report and recommendations were presented to the RMOC Community Services Committee, an Ottawa Citizen editorial (July 13, 1999) dismissed them as a “fantastic wish-list”. The basic problem, according to the editors, was in the composition of the Task Force. Setting up a task force with a majority of poor people merely created a group that was “tempted to demand unrealistic benefits on the off-chance they might actually get them.” The report had only one theme, the editors went on, “Personal responsibility isn't important.” If you are “bad at paying bills,” someone else should pay them for you. The right to affordable housing “imposes an obligation on all of us to build an ‘affordable’ house for whoever demands it.” On the idea of a community economic development project to refurbish washers and dryers for poor people, the editors asked: “Haven't these people heard of coin laundries? Or washing clothes by hand? These ideas make a lot more sense than putting taxpayers through the wringer to run a used appliance service.” After similar treatment of several other recommendations, the editors concluded: “There is hardly a good idea in this report.... Let's burn all copies of this report for heat this winter and go no further with its proposals.”

At the risk of stating the obvious, let us note the libertarian neoconservatism that informs the editors' point of view, and how this leads directly into a moral underclass discourse. The central values expressed by the editorial are personal responsibility and autonomy,

the right of “the taxpayer” not to be forced to pay someone else’s hydro bill or rent.

Those who make such demands on their own behalf – “these people” – lack personal responsibility. The problem of poverty comes down to one of moral character. This is another example of the layering of the injustice of misrecognition over the injustice of maldistribution.¹²⁰

This view did not prevail at the RMOC Council, however. After delivery of the interim report, the CSC asked the regional staff to work on costing the proposals and to work on developing strategies for their implementation. The committee also called on the Social Services Department to coordinate “strategic advocacy efforts”, including meetings with Members of the Provincial Parliament and cabinet ministers, to move forward with the advocacy recommendations. The Social Services staff coordinated this work and reported back to the CSC in October, 1999 with a thorough review of costs as well as actions already taken with respect to the full set of recommendations. Work was already underway by that time on some of the most far-reaching recommendations, such as organizing a community economic development network under the aegis of the Social Planning Council, establishing a micro-credit loan fund, and creating technology access

¹²⁰ From 1996 to 2000, the Ottawa Citizen was owned by Conrad Black’s Hollinger Inc. Black appointed as editor Neil Reynolds, a man respected as a journalist but well-known as a libertarian conservative. Reynolds recruited a new editorial-page team, including two from the neoconservative Fraser Institute (McDonald 1997).

points at community resource centres. The CSC earmarked an initial \$1 million to support action on the follow-up items; this amount was to be found in the savings gained from the decline in the social assistance caseload in 1999. However, there was no work done to increase the capacity of the RMOCC for policy advocacy vis-à-vis other levels of government on the social issues identified by the Task Force.¹²¹

When the Task Force delivered its final report and recommendations in February, 2000, the CSC debated the question of whether to “approve” it or merely to “receive” it. The committee’s legal counsel advised that approving the report meant approving everything it contained. Thus informed, the CSC approved the report by a vote of 4 to 3, and the full RMOCC Council later confirmed this decision by a vote of 15 to 3.¹²² Regional staff were advised to adjust their budgets and work plans accordingly, and to get on with implementing the recommendations.

¹²¹ For the full account, see RMOCC. Social Services Commissioner. Report: Preliminary Costing of Task Force on Poverty Recommendations. September 21, 1999 (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/21Oct99/Tfcost.pdf. Accessed February 14, 2007); see also the account of the discussion and decisions of the CSC in the Minutes of that meeting. (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/21Oct99/csm21oct.pdf. Accessed February 14, 2007).

¹²² Minutes of the CSC meeting of February 3, 2000 (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/03Feb00/csm3feb.pdf. Accessed January 31, 2007.) Minutes of the RMOCC Council meeting of February 23, 2000 (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Regional_Council/23Feb00/rcm23feb.pdf. Accessed January 31, 2007.)

The Ottawa Citizen editorial, not to mention the re-election of the Harris government in June, 1999, and the appointment to the cabinet as Minister of Community and Social Services of John Baird, an ardent neoconservative MPP from a constituency within the RMOC, demonstrates that support for the Task Force recommendations by the RMOC Council and staff was not merely a motherhood issue in the community, but a political choice to support efforts to redress maldistribution and misrecognition. It reflects the strength of the anti-poverty network within the RMOC Council and staff at this time.

7.3.3 Task Force on Employment

In this sub-section, we see the resistance to the ideology of the Common Sense Revolution, and the impetus to create local alternatives, expanding into Ottawa's political mainstream. In the neo-Gramscian terms introduced in Chapter 2, we can see the Task Force on Employment as a form of hegemonic practice. An examination of its composition and its agenda reveals it to be an example of inclusive liberalism, aiming to address the interests of as many social groups as possible.

The Regional Chair elected in November, 1997, Bob Chiarelli, a former Liberal Member of the Provincial Parliament, had made it one of his short list of personal priorities to reduce the welfare rolls by expanding employment for people on social assistance. He was conscious of the large increase in the RMOC's welfare budget in 1998, and he wanted this cost reduced; this was his driving motive. However, he was no supporter of

workfare or the welfare reform agenda of the Common Sense Revolution. An advocate of public-private partnerships across a range of policy fields in the RMOC, Chiarelli wanted to challenge private sector employers to create more jobs for unemployed people, especially for those on welfare.¹²³

Therefore, while the idea of a Task Force on Employment may have been broached first by the People's Hearings, its composition, mandate, and style of work reflected the push from Chiarelli. The Social Services Commissioner, Dick Stewart, took the lead in organizing it, recruiting its members, and framing its goals and objectives.¹²⁴ There were two co-chairs: John Kelly, the CEO of JetForm, an Ottawa-based software firm, and Andrée Lortie, the president of La Cité collégiale, the region's francophone community college. There were also four other business executives on the Task Force, as well as a health professional, a representative of the region's immigrant communities, a representative of the Task Force on Poverty, the research director of the Canadian Labour Congress (participating with the approval of the Ottawa and District Labour Council), and the president of the Social Planning Council. The Task Force was supported by a working group of twenty people, chaired by Stewart, that included the same range of private sector, education and training, social service, and labour institutions, as well as

¹²³ This interpretation of Chiarelli's influence and motivation is based on Interviews #9 and #14.

representatives of HRDC and the provincial Ministry of Education and Training.

The mandate of the Task Force was to develop an employment strategy for Ottawa-Carleton — “a comprehensive, community-based Employment Strategy” — which the RMOC itself would lead (Task Force on Employment 1999: ii). In the past, the municipality had left the leadership of this policy field to other levels of government. We should see this initiative, therefore, as a self-conscious decision by the RMOC to rescale social and labour-market policy. As mentioned in Chapter 6, the political and economic elites of Ottawa-Carleton had been reimagining and reconstructing the region as an entrepreneurial city with an endogenous economic development strategy (Hunt 2001). The Task Force on Employment was an integral aspect of this project.

The formal objectives of the Task Force on Employment were to:

- integrate labour force development with economic development
- reduce and prevent unemployment
- increase labour force participation
- identify and reduce skill shortages
- increase access to training and employment services
- reduce barriers to employment
- strengthen and develop the labour force, and
- create a sustainable framework for labour force development
(Task Force on Employment 1999: ii)

¹²⁴ Stewart’s leading role in the Task Force on Employment was confirmed in Interviews #13, #14, and #17.

The focus of the employment strategy was to be upon “the employment needs of the unemployed, the under-employed and social assistance recipients” (Ibid.). However, the needs and interests of employers were not to be overlooked. “People need jobs and employers need skilled workers,” the Task Force wrote (Ibid: 3), and it repeated throughout its final report the importance of attending to the needs of employers. During the late 1990s, the local economy was booming, and there was growing concern over imminent labour shortages. At the same time, a study by the Ottawa Economic Development Corporation, entitled “Ottawa’s Hidden Workforce,” concluded that there were 145,000 unemployed, underemployed, and discouraged workers in Ottawa-Carleton (Ottawa Economic Development Corporation 1998).¹²⁵ By this estimate, the unemployment rate was 23 per cent in 1997, and 28 per cent when underemployed people were included, more than three times greater than the official unemployment rate for that year of 8.7 per cent. Several of this report’s assumptions were dubious;¹²⁶ it is significant more for its influence at the time than for the validity of its findings. “Ottawa’s Hidden

¹²⁵ The 25,000 “underemployed” workers was an estimate of the number working part-time who would have preferred full-time work. It did not include those who could not find work in the field for which they were qualified; the number in this latter category was deemed “unknown” (p. 7). “Discouraged” workers were defined as people of working age who were not looking for work in the labour market because they believed there were no employment opportunities for them.

¹²⁶ The study overstated the number of discouraged workers by including large numbers of people who may have chosen not to participate in the labour market, such as mothers of young children or those not in the labour market for other personal or health-related reasons. The study also wrongly assumed that social assistance recipients were not already counted in the official unemployment numbers. Statistics Canada’s estimate of the percentage of the

Workforce” drew attention to a larger range of labour-market issues than those reflected by the official unemployment rate, especially the lack of access to labour-market training programs for people who were ineligible for either Employment Insurance or social assistance. The Task Force came to define its challenge as one of closing the gap between the large numbers of unemployed and underemployed, on the one hand, and the looming labour shortages facing employers, on the other.

The Task Force recognized that aspects of policy were well beyond its control: fiscal and monetary policy, international trade agreements, and the economic development strategies of the federal and provincial governments. The main complaint of the Task Force regarding federal policy by 1999 was no longer inadequate support for adjustment to free trade or the restrictive monetary policy of the early 1990s; it was the declining scope of coverage by Employment Insurance, and the lack of access to most federally-funded training and employment-related services by people not eligible for EI. (Programs for youth and Aboriginal people were exceptions.) The criticisms of provincial policies, particularly Ontario Works, ran to several pages of its final report. They included inadequate levels of funding for employment programs; asset levels and income levels that were too low to allow large numbers of people in need to qualify for support; too

labour force in Ottawa-Carleton that was unemployed, underemployed, or discouraged in 1997 was 11.7 per cent (Bowlby, Geoff 1998).

large a clawback of initial earnings from social assistance benefits, a disincentive to labour market entry by people on welfare;¹²⁷ ineligibility of low-income workers who were not Ontario Works clients for a range of subsidies such as child care, prescription drugs, and dental care, another major disincentive to leaving welfare for employment; and inadequate levels of funding for supports to employment, such as child care and transportation subsidies.

The Task Force was also conscious of the increased fiscal burden borne by the Regional government as a result of downloading. Nevertheless, it concluded that there was much that the RMOC could do to take leadership in designing and implementing an employment strategy for the region. The Task Force's working group synthesized a wide range of literature on welfare-to-work programming and developed a set of principles to guide the employment strategy.¹²⁸ "Work first" programs, the Task Force concluded, were of "limited value" (Task Force on Employment 1999: 5); a viable strategy had to

¹²⁷ The STEP program, described in Chapter 5, had been cut back by the Harris government. Recall that the Peterson government introduced this program, which had been recommended in the Transitions report. Instead of reducing benefits on a dollar-for-dollar basis when a social assistance recipient began earning income, only 80 per cent of earnings after a basic exemption would be clawed back. The Rae government reduced this clawback to 75 per cent in 1992. (Transitions had recommended 66 per cent.) The Ontario Works Act maintained the 25 per cent "retainable amount," but phased it out by 5 percentage points each year. In 2000, the phase-out period was reduced to 2 years. See RMOC. Social Services Commissioner. Report: Recent Changes to the Ontario Works Program, April 10, 2000 (http://www.ottawa.ca/calendar/ottawa/archives/rmoc/Community_Services/04May00/fn_ontworks.pdf. Accessed February 3, 2007)

¹²⁸ A study by the Caledon Institute, commissioned by the RMOC, was a major influence (Torjman 1998a); its author was a member of the working group.

invest in human resource development, building skills that were valued by both employees and employers. Moreover, higher priority had to be given to the hard-to-serve population, the people at greater risk of marginalization. This should include attention to post-placement issues, the Task Force found, to providing assistance not only for finding employment but also for retaining it.

The term “social justice” does not appear anywhere in the interim or final reports of the Task Force on Employment, but the attention given to people at risk of maldistribution and misrecognition runs through its analysis, principles, and practical action proposals. The final report identifies the integration of economic and social agendas as a key principle and aims to involve all of the region’s “key players” in “partnerships” to remove barriers to employment, to develop a good labour-market information base, and to design selective interventions. Key phrases in this discourse are “investment in people” and “investment in society,” terms that serve to identify it as inclusive liberalism. The title of the final report of the Task Force, “Partners for Jobs,” reflects the concept of social partnership across lines of class, gender, race, ethnicity, and language.

The Task Force appears to have had the intention to avoid the kind of dissociation between economic development politics and social and environmental politics that Roger Keil claims characterized Toronto during the same period under Mayor Mel Lastman. According to Keil, in Toronto in the late 1990s “a vigorous discourse on democratic

rights and process [existed] alongside, but unconnected to, a dramatic new wave of megalomaniac urban growth” (Keil 1998: 154). The two sides confronted and talked past one another, or engaged in separate monologues, finding little in common. The difference in Ottawa-Carleton may have been the class character of the leading elements of the business class. In Toronto, real estate developers were the leading business interests in local politics. In Ottawa-Carleton, the new emerging business class was based in the technology sector and had a much greater interest in labour force development. In the Greater Toronto Area, the suburban and exurban¹²⁹ communities were notoriously unconcerned by the social issues of the lower-income inner-city neighbourhoods. There were similar tendencies in Ottawa-Carleton, but with significant exceptions. For example, the chair of the Community Services Committee during this period, and one of the most socially progressive councillors, was Alex Munter, who represented Kanata, an exurban edge city that was the centre of the high tech sector. Munter also served on the working group of the Task Force on Employment.

The Task Force identified nine pilot projects that responded to its analysis and principles, some of which were already in existence. They included a project to assist foreign-trained teachers to acquire Ontario certification and become employed in their profession, two

¹²⁹ The “exurban” community, or “edge city,” is distinguished from the suburban by the presence of new commercial and industrial enterprises, not just residential areas; see Garreau (1991).

youth internship projects, and a training and certification program for Home Support Workers with guarantees of employment in home support programs funded by the RMOC. The Task Force also endorsed the network of Millennium Learning Centres, recommended by the Task Force on Poverty, to be situated at community health and resource centres. A research project investigating human resource requirements in the biotechnology sector aimed to expand the labour-market information base. Some of these projects expanded into larger programs later, as we see below.

The final report of the Task Force concluded with a useful summary of strategic directions, with one “key partner” taking responsibility for each action priority. The Region was to take responsibility for overall coordination. It was also to lead advocacy efforts in relation to other levels of government, identifying public policies and program rules that served as barriers to employment and needed to change. Community agencies would promote community economic development activities, supported by efforts of the Ottawa Economic Development Corporation to expand the availability of micro loan funds. HRDC and the Ontario Ministry of Education and Training (MET) would work on the creation of a local labour force information system. The MET would develop an inventory of training resources in the community and develop a quality assurance program with which to oversee the growing private training industry. The Region and the business representatives would identify customized training requirements and develop programs to meet labour market needs so identified. The Ottawa Centre for Research and

Innovation (OCRI), a public-private partnership, would strengthen links with the education sector and promote local research on workforce development. The Region would lead the effort to identify alternative sources of funding for a range of supports to employment development, including a fund accessible to all unemployed persons to promote their skill development as well as mechanisms such as Individual Development Accounts to assist people with low incomes to invest in their future employment. The labour movement is noteworthy only for its absence from the action column of the follow-up plan.

The editors of the Ottawa Citizen were somewhat less scornful of this Task Force than they had been of the Task Force on Poverty. However, they did question the value of the exercise, arguing that this policy field should be left to the provincial and federal governments. The Task Force on Employment, they wrote on September 24, 1999, “would have had a much sharper impact if it had simply stuck to the meaningful, concrete things under the control of regional government. Let the federal and provincial governments study employment issues and create elaborate new programs.”

Once again, the RMOC paid no attention to their opinion and pressed ahead with the recommended action phase. The rest of this section reviews the more significant outcomes of this work.

7.3.4 Partners for Jobs

“Partners for Jobs,” the title of the final report of the Task Force on Employment, became the framing concept for the RMOC’s employment strategy and program, and has remained so under the new City of Ottawa to the present time. The program caters primarily to Ontario Works clients, but some of its resources are available to others who are unemployed or underemployed. The following is a brief overview of Partners for Jobs. It should be noted that this is not an evaluation of these programs but an account of the policy.

Let us begin with the features of the City of Ottawa’s employment programs for Ontario Works clients that are common to Ontario Works programs everywhere in the province.¹³⁰ An applicant for social assistance is still required to go through the two-step application process described earlier, but the first step is now managed in Ottawa directly by the City. An applicant who is deemed employable must still sign a participation agreement and develop an employment plan with their caseworker. Notionally, the “pathways” offered to a participant still correspond to the four components of Ontario

¹³⁰ Although the level of financial assistance under Ontario Works is distinct from the employment programs, it is worth repeating here that the level of benefits provided to Ontario Works clients is still very low and, given inflation, less adequate than ever. This is the most frequently criticized aspect of Ontario Works, especially in the places where housing costs are above the provincial average, notably Toronto and Ottawa. The daily challenge of paying the rent, ensuring adequate nutrition, and meeting other basic needs, is a source of considerable stress both to singles and to families.

Works: Employment Support, Employment Placement, Community Participation, and the Learning, Earning, and Parenting (LEAP) program.

The City has established Employment Resource Centres (ERCs) at four locations in Ottawa, each in the same location as an Employment and Financial Assistance Centre (EFAC) where people go to apply for social assistance and to meet their caseworkers. The ERCs have computers, faxes, and photocopiers, offer a variety of print and audio-visual resources, provide information about current job opportunities, and offer workshops on résumé writing, interview skills, and basic computer skills. The central ERC on Catherine Street also has a “Youth Zone” that specializes in support to youth seeking employment. The ERCs and their workshops are open both to Ontario Works recipients and to the general public. These centres, their resources, and their workshops are the basic service provided by Partners for Jobs.

The City is not the only provider of this kind of basic service. Over 50 non-profit, public, and private employment agencies provide services to various client groups, including EI recipients, people with disabilities, youth, recent immigrants, visible minorities, and Aboriginals. These agencies offer employment preparation programs and placement services tailored to their specific constituencies. The City chairs the Employment Networking Group, which brings these agencies together regularly to share information and coordinate their work. There is now a wide variety of programs for Ontario Works

clients under the general category of Employment Supports. The community colleges as well as both the Catholic and the public school boards offer adult programs leading to a high school diploma or its equivalent. Ontario Works clients who have not completed Grade 12 (or the equivalent in another country) can choose this option. People in need of literacy education can be supported to attend one of the literacy programs offered in the community. People who are not fluent in either English or French can enter a language program.

People who do not have access to EI or other forms of support for training can qualify for individual, job-specific skills training for industries that are expanding employment. There must be a clearly-defined employment goal, and preferably a statement of interest by an employer. However, this option is not used much as the City prefers to recommend the Employment Development Initiatives described below.

Ottawa's Community Participation program continues to be as described in Section 7.2: it is voluntary, and the activities are self-reported. Staff assist with the identification of suitable placements when requested. This option is considered useful for people seeking Canadian work experience, or for people who have been out of the labour market for a long time. However, there does not appear to have been any evaluation of this component since the study in 1998 described in Section 7.2.

When a client requests direct support for finding a job, they may be referred to an employment placement agency, or to the City's own Partners for Jobs Employment Placement Services. The client must have a clear, realistic employment goal, a résumé, and recent employment, volunteer, or training experience. Ontario Works Directive 40 explicitly rules out any placement of a client "on a temporary placement agency's roster of staff who are available for temporary assignments with a variety of employers." Only placements directly with employers for long-term employment are pursued. Non-Ontario Works clients who register at one of the Employment Resource Centres in Ottawa may also use this service. A category of staff called Employment Specialist works to stay abreast of employment opportunities, help the client to target specific industries and employers, and put the client in direct touch with employers.

In certain cases, the City transfers clients and the Ontario Works funding for their programs to a community-based organization to provide employment preparation and placement services directly to a particular client group. For example, the City refers many recent immigrants to World Skills, a project of the Local Agencies Serving Immigrants (LASI) network that provides job-search workshops and individual support for job placements. World Skills also provides an orientation to labour and human rights legislation in Canada and Ontario, advising people of their rights in the workplace. Recognizing the difficulty many immigrants face in finding employment in their field, World Skills continues to stay in touch with many of their clients after the first job

placement and arranges for them to move to more relevant and better-paying employment when opportunities arise.

A client who wishes to pursue a business idea may speak to one of the City's Self-Employment Specialists and attend an information session on this option. If the caseworker and the client then agree that the idea is viable, the client may be referred to a private or non-profit self-employment development agency for technical assistance and support to develop a business plan. There are tight reins on a client who chooses this pathway. Ontario Works Directive 40 states that the client must complete a business plan within eight weeks of registering with a self-employment development agency, and make their first sale within sixteen weeks. Moreover, "dependent contracting, commissioned sales, multi-level marketing, and franchise activities" are ineligible as self-employment activities. The follow-up to the Task Force on Employment has generated new sources of support for small-scale entrepreneurs. The non-profit Ottawa Community Loan Fund (OCLF), a direct outcome of the Task Force, got under way with a micro-credit scheme in 2001. It received an initial \$120,000 line of credit from the Royal Bank and an operating budget from the City of Ottawa, the Ontario Trillium Foundation, and a few local corporations. The OCLF offered loans of \$1,000 to \$15,000 at three to seven percentage points above prime. More recently, it has arranged partnerships with local credit unions for lines of credit at lower rates of interest for accepted applicants. People completing self-employment development programs supported by EI or Ontario Works

are the primary target group, but anyone can apply. Unlike regular bank loans to small businesses, no collateral is required; applications are assessed on the strength of the business plan and the skills and integrity of the applicant. This approach is especially helpful to skilled and experienced recent immigrants whose qualifications are not recognized by employers and who lack sufficient capital for a small business start-up. A similar micro-credit scheme operated in Ottawa briefly in the mid-1990s, supported by the provincial NDP government, but it was cancelled by the Harris government. Thus the OCLF may be seen as another example of a local initiative that compensates for a regressive policy at the provincial level. However, to date it has been a small operation. By 2004, it had received a total of 220 applications, and had approved fewer than one quarter of these.¹³¹

The Learning, Earning and Parenting (LEAP) program, described in Chapter 5, appears to be only partially implemented. As its title suggests, it is supposed to have three elements, but only the “learning” element is emphasized – completing secondary school. According to one study (Smith-Carrier 2004), the learning element of the program is rated positively by LEAP clients. There is no pressure to seek employment while attending school, nor even to attend the parenting classes. Smith-Carrier also notes that

¹³¹ For further details, see the OCLF Web site (<http://www.oclf.org>. Accessed February 10, 2007). For newspaper accounts of the OCLF, see Goff (2001; 2004).

Ottawa is known for providing better resources than other places – for example, for clothing, school supplies, and child care – and for being less concerned with the regulation of the lives of the clients. A common complaint, however, is the pressure placed upon the clients by their caseworkers to seek child support from the fathers of their children, even in cases where the fathers are abusive and considered dangerous. Moreover, when a client is successful in having child support provided, it is deducted dollar-for-dollar from the Ontario Works benefits, leaving the mother no better off than before (Smith-Carrier 2004).

All of the above programs are focused on the supply side of the labour market. Of greater interest are the City of Ottawa's Employment Development Initiatives (EDIs), a program that resulted directly from the Task Force on Employment. EDIs bring the supply and demand sides of the local labour market together in specific projects involving an employer, a training institution, and a group of Ontario Works clients. The initiative may originate with one of the City of Ottawa's job developers, or it may be proposed by an employer or a training institution, such as a community college, a community-based organization, or a private training company. The basic principle is that both the employer and the training institution must be at the table with the City, which funds the EDIs. The training institution must meet or exceed standards set out in the Quality Assurance Framework for Education and Training in Ottawa, developed by the City. This spells out the rights and responsibilities of the learners, the trainers/educators, and the funders. The

employer must guarantee that a certain number of jobs are available; in return, the employer receives the services of screening and job-specific training for the clients, a considerable benefit.

The City seeks out EDIs that lead to jobs in growth sectors that offer decent wages and potential for a career path. Training programs vary in duration, with the median around twenty weeks. EDIs have prepared, among others, truck drivers, various categories of auxiliary-level workers for the health sector, pre-apprentice trainees for various construction and mechanical trades, early childhood education assistants, administrative assistants, and homecare workers to be employed by the City itself in programs of support to people with disabilities and frail elderly persons. Qualifications for access to an EDI vary by the program, but typically include a high school diploma or the equivalent. Wages in these jobs tend to be below the average industrial wage, but well above the minimum wage and above the LICO for a single individual working full-time, full-year. Programs are considered successful if more than 75 per cent of those who complete the training get jobs and keep them. The City follows up to determine the job retention rate over a two-year period. Job retention workers are assigned to support some of the EDI participants in dealing with various employment barriers. Any program with less than a 75-per cent success rate is discontinued. Programs for truck drivers and for the City's home care workers seem to be the perennial winners. Others, such as programs for call centre workers and security guards, have come and gone.

A program related to the EDI, and in which the EDI participates, is the Ottawa Internationally-Trained Workers Project which aims to facilitate the accreditation of recent immigrants with foreign credentials and integrate them into the Ottawa labour market. This initiative began with a project by World Skills to develop a program for the accreditation of foreign-trained teachers by developing a partnership between Queen's University in Kingston and the Ottawa-Carleton District School Board. The teachers' program, funded by the provincial Ministry of Training Colleges and Universities (MTCU), involves seven weeks of courses in Kingston, seven further weeks of courses in Ottawa, and a three- to four-month practicum in the Ottawa-Carleton School Board, after which the teacher receives accreditation for teaching in Ontario. The initiative is now being led by Ottawa's United Way; programs for nurses, masons, and engineers are in various stages of development. The EDI has purchased training in the teachers' and nurses' programs for qualified Ontario Works clients.

Programs such as EDI can only be successful where there is a dynamic labour market, and this has generally been the case in Ottawa since the late 1990s despite cutbacks in the public service in the mid-1990s and in the high-technology industries after 2001. Demand has been strong throughout this time in the health sector, transportation, and the construction trades, for example, even during economic slow-downs, and opportunities in smaller niches are constantly being identified. The City's staff believe that there is unlimited potential in this approach. To date, the annual number of EDI participants has

varied from under 700 to over 1,300, but the only constraint has been the City's fiscal capacity to fund the training and provide sufficient staffing to develop and administer the program. This leads us back to the fiscal arrangement between the province and the City for Ontario Works employment programs.

Since 2000, the province has provided three levels of funding for the employment programs for Ontario Works clients, depending on the nature of the service provided. Level one, or "basic" funding, is provided to the municipality for each client who is conducting an independent job search and/or using an employment resource centre and taking part in the core workshops offered there. Level two, or "intermediate" funding, is paid for community placements of less than 30 hours per month, basic education and literacy training, job specific skills training, and employment placements that do not require a wage subsidy. Level 3, or "advanced" funding, supports community placements of more than 30 hours per month, employment placements that include a wage subsidy paid to the employer, and self-employment services. When more than one level of service is provided, funding is based on the highest level of service provided in a given time period. The EDI programs qualify for Level 3 funding.

Program costs for Ontario Works are shared 80/20 by the province and the municipality respectively, and administrative costs are shared 50/50. In order to draw down the full amount available from the province, the City must put up its 20 per cent of the program

budget and 50 per cent of the administrative budget. Moreover, the amounts provided by the province under the three service levels are capped at specific amounts. When first introduced, these levels were, per client per year: \$250 for Level 1, \$1,000 for Level 2, and \$2,500 for Level 3. In 2003, Level 2 was increased to \$1,250 and Level 3 to \$4,500, but still on the condition that the City must pay 20 per cent of the program cost and 50 per cent of the administrative cost. The spending caps at each level limit the kind and duration of training programs and other services that are available to Ontario Works clients. In dealing with its own budget constraints, the City has also limited the growth potential of the EDI program, both for its program budget and its administrative support. The EDI job developers have had to take on the full case manager role with each client in an EDI program, administering their financial assistance as well as their training and follow-up after training. This limits their capacity to investigate and develop new programs. The EDI program also had to cut back the number of job retention workers following budget cuts in 2004, this despite evaluations that showed this to be a cost effective way to increase the rate of successful completion of training programs and subsequent job retention. The result is that staff believe they have not come close to reaching the full potential of the program, either in the number of Ontario Works clients who could be participating, or in the number of opportunities for training that would lead directly to employment.

Partners for Jobs has gone a long way towards fulfilling the objective of working around

the workfarist Ontario Works program to create a progressive set of supports for social assistance recipients based upon the Opportunity Planning model. Elsewhere, there has been an accumulation of evidence to support the case that welfare-to-work programs can be respectful, humane, and lead to successful outcomes in employment that is stable and provides a liveable income, at least where demand-side conditions are favourable.¹³² To a large degree, Partners for Jobs appears to be serving its clients well, offering people in need a “pathway” that suits their particular situation, providing the kind of support that will help them to transform their situation rather than be caught in the cycle of low-wage, precarious employment and welfare. This is not to gloss over the fact that the program is underfinanced, or that the meagre welfare benefits place a great deal of pressure on the clients to accept bad jobs. It is simply to say that the vision articulated in 1996 has been at least partially achieved, and that this has made a difference, reducing the degree of maldistribution and misrecognition that the original design of Ontario Works fostered.

One major exception to this positive conclusion has been the failure to find solutions for the category of social assistance recipient labelled “hard-to-serve,” sometimes described as having “multiple barriers” to employment. Many are homeless people who suffer both mental illness and addiction. They do not receive benefits under the Ontario Disability

¹³² See, for example, the extensive publications of the Social Research and Demonstration Corporation (SRDC) based upon a wide range of experimental programs (www.srdc.org).

Support Program because of its cumbersome application process, because they do not have a doctor, or because they lack the capacity to take the initiative. They have little or no prospect of being employed in the foreseeable future. To qualify for Ontario Works they must sign a participation agreement undertaking to start down one of the pathways to employment, but both the client and the caseworker know that this is pure fiction. Partners for Jobs is not the solution here, and none is forthcoming from elsewhere at present.¹³³

7.3.5 TalentWorks

TalentWorks was another initiative to result from the work of the Task Force on Employment. In this case, impetus also came from The Ottawa Partnership (TOP), the meta-governance body mentioned in Chapter 6. In 1999-2000, TOP conducted a strategic planning exercise called the Economic Generators Initiative. This exercise identified seven sectors as the key drivers of economic growth in Ottawa-Carleton: telecommunications, microelectronics, software and communication services, professional services, tourism, life sciences, and photonics. From this analysis came the identification of the need for a community-based resource “to build Ottawa's talent pool and address workforce issues by providing strategic, integrated support to [these seven]

¹³³ On this issue, see the report by Deb Matthews M.P.P., Parliamentary assistant to the Minister of Community and Social Services in the post-CSR McGuinty government (Matthews 2004).

targeted sectors.”¹³⁴ TOP created TalentWorks to play this role. To place TalentWorks in its broader context, however, we first need to digress briefly to discuss the short, nasty history of the Ottawa-Carleton Training Board.

From 1997 to 2000, Ottawa-Carleton had a Local Training and Adjustment Board (LTAB), one of a provincial network of 25 local boards established to complement the Ontario Training and Adjustment Board (OTAB) launched by the NDP government in 1993.¹³⁵ Like the OTAB and the Canadian Labour Force Development Board (CLFDB), the LTABs had a governance structure composed of equal numbers of business and labour representatives (eight each), as well as two representatives of the education and training sector, one from each of four designated equity groups – francophones, visible minorities, people with disabilities, and women – and two others appointed by the board from the community, for a total of 24. There were also three non-voting members of each board representing the federal government (HRDC), the provincial government (the Ministry of Training, Colleges and Universities (MTCU), and the local government, represented in Ottawa-Carleton by the RMOC Social Services Commissioner. Each board member was expected to report back to a reference group which, in some cases, had not

¹³⁴ TalentWorks Web site (<http://www.ocri.ca/talentworks/default.asp>. Accessed February 11, 2007).

¹³⁵ This brief account of the LTAB network and the Ottawa-Carleton LTAB in particular is based on an evaluation of the LTABs conducted in 1999 (PGF/GTA Research Inc. 1999), as well as my Interviews #7, #13, and #18.

previously existed and had to be created. The LTABs were given a broad mandate but few resources. At the inception of the LTAB program in 1994, the formal mandate of the local boards was to analyze local labour market information, provide analysis and advice about existing training and adjustment programs and how they met local needs and priorities, prepare strategic and operational plans for the training and adjustment programs in their areas, purchase and/or direct the purchase of training or services on behalf of the sponsors (HRDC and MTCU), promote life-long learning, promote access and equity in training and adjustment programs, and monitor the training to see that it conformed to national and provincial standards. In practice, the local boards did not come close to fulfilling this mandate.

In Ottawa-Carleton, it took from 1994 to 1997 just to create a 24-member board with reference groups, a constitution, and rules of procedure. During this time, the Rae government was replaced by the Harris government, which dismantled the OTAB in 1996 along with several of the training and adjustment programs it had taken over from provincial ministries. The LTABs went ahead, however, co-sponsored by HRDC and the MTCU, but they were not given the authority, or sufficient funding, to make decisions about training programs in their communities. Rather, they were expected to provide information and advice on local labour market conditions and training needs to their federal and provincial sponsors and to other “labour market partners” in the community. The Ottawa-Carleton Training Board (OCTB), as it came to be called, succeeded in

completing two Environmental Scans and its first and only Local Area Plan before collapsing in 2000 (Ottawa-Carleton Training Board 1998, 1999, 2000). To the business sector representatives, in particular, the OCTB had become a major investment of time with very little of value in return. All of the board positions were unpaid, yet the time demands were high, typically twenty hours per month for board members, and up to forty hours per month for the business and labour co-chairs. Dissatisfaction was exacerbated by personality clashes between business and labour representatives on the board, as well as some difficult personnel issues, and these served to reinforce the sense of futility. When several business sector representatives resigned in 2000, the sponsors shut the board down.

The underlying problems of the OCTB, then, were its rigid and cumbersome governance structure, its lack of authority, and its impossible mandate given its meagre budget. In this context, the conflict on the board, which descended into virulent animosity, became the proximate cause for its dissolution. It should be noted that other local boards in Ontario had the same structural issues to deal with, yet most have survived to the time of writing.¹³⁶ As Rutherford (2006) observes, some local boards have played a useful role

¹³⁶ In February, 2007, 21 of the original 25 local boards are alive and functioning. There is no longer a local board in Windsor-Essex, Algoma District, Renfrew-Nipissing, or Ottawa-Carleton. The Web site for the Local Boards Network provides links to all of the existing local boards (<http://www.localboards.on.ca>).

not only in analysis and planning for local needs but also in drawing attention to broader issues at the provincial and national scales of government, such as the shrinking numbers of workers covered by Employment Insurance. The local boards could, in principle, if managed well, serve to address issues of maldistribution and misrecognition, not only by means of their analysis and advice but also by giving official status on their governance bodies to social groups disadvantaged in the labour market. However, their capacity to make a difference in their communities was, and is still, constrained by their lack of decision-making authority and their limited resources.

With the dysfunctional Ottawa-Carleton Training Board shut down, the space was cleared for the creation of a new institution to address labour market issues. The Ottawa Partnership asked one of the public-private economic development agencies, the Ottawa Centre for Research and Innovation (OCRI), to develop and manage “a community initiative” that would deliver specific projects addressing workforce issues, beginning with several of the priorities identified by the Task Force on Employment. Initial funding was provided by the new City of Ottawa, but it was understood that this would be replaced by federal and provincial funding once TalentWorks was in operation.¹³⁷

¹³⁷ See City of Ottawa. Director of People Services and Director of Development Services. Report: Workforce Development: TalentWorks. March 8, 2001. Ref. No ASC2001-PEO-IDP-0004. (<http://city.ottawa.on.ca/calendar/ottawa/citycouncil/hrssc/2001/04-05/ACS2001-PEO-IDP-0004%20.htm>. Accessed February 11, 2007)

TalentWorks was to be a project of OCRI, not a stand-alone agency, and hence it did not need a board. OCRI assembled a steering committee by invitation, aiming to draw in people who were knowledgeable about labour market and training issues from a broad range of perspectives in the community. This resulted in a grouping that was much more oriented than the OCTB had been towards an employer's perspective, whether private or public sector. Not including TalentWorks staff, there were 27 members of the initial steering committee, of whom ten were private sector business executives, three were senior managers of public-private economic development agencies (tourism, life sciences, and OCRI itself), four were senior City of Ottawa managers, three were senior federal government managers (two from HRDC and one from the Treasury Board), two were senior managers of post-secondary education institutions, one was the executive director of a major health institution, one was the District Manager of the MTCU, and one was the Mayor of Ottawa. Also at the table was one person from the Ottawa District Labour Council and one anti-poverty activist who had represented the Task Force on Poverty on the working group of the Task Force on Employment. Not one of these 27 people had been on the OCTB, and none was expected to be accountable to a reference group. Several, however, had been members of the Task Force on Employment or its working group.

The discourse of TalentWorks was quite different from that of the OCTB and from that of Ottawa's Partners for Jobs program. Where the others had given a high profile to

addressing the needs of unemployed and underemployed workers, TalentWorks spoke of “workforce development” and “building the talent pool”. This reflected an employer’s perspective, particularly employers’ concerns over labour shortages that were prominent in the period before the crisis in the high-technology industries after 2001. The concept of “talent wars” was current at the time – the claim that countries, regions, cities, and individual firms were in competition with one another for the highly-skilled workers they needed to succeed in the globalizing economy. This concept has been popularized by Richard Florida, who publishes league tables of North American cities, ranking them according to the features that he claims appeal to “the creative class” – those talented engineers, scientists, artists, architects, and other professionals and intellectuals whose creativity and innovation are said to drive economic growth in the new economy. According to Florida, cities should emulate San Francisco, Boston, and Austin, Texas by becoming “creative cities”, creating the conditions that appeal to members of this new class.¹³⁸

Given the structure and orientation of TalentWorks, one might expect it to have focused on strategies for attracting and retaining an elite class of highly-skilled and well-paid workers for Ottawa’s seven key growth sectors, and to have left the concerns of

¹³⁸ See Florida (2000; 2002; 2005a; 2005b). For the latest ranking of American cities, go to www.creativeclass.org. “Home of the Richard Florida Creativity Group.” For a critique of Florida’s “creative class” thesis, see Peck (2005).

unemployed and underemployed workers to the city's Partners for Jobs program. The result would have been Ottawa's version of the kind of dissociation Keil (1998) speaks of, the separation and marginalization of progressive social policy from the main business of promoting economic growth and capital accumulation. TalentWorks, however, did not turn out that way. Despite an on-going struggle to secure a stable funding base, TalentWorks developed a strategic plan and completed several specific projects that contributed to improving the functioning of the labour market for the whole population.

TalentWorks documented a labour-market strategy for Ottawa in its Talent Plan (City of Ottawa 2003), a component of Ottawa 20/20, the City's long-term plan adopted in 2003. The Talent Plan claimed that Ottawa was "the first city in Canada to create a planning framework and an operating infrastructure for workforce issues" (p. 3). The plan envisaged the gradual creation of an effective set of labour-market institutions and linkages that would both allow employers to find the skilled workers they needed and assist "job-seekers" to have access to more opportunities for "meaningful employment with a liveable wage" (p. 9). To achieve this, it set out five strategic directions for the long term. The first strategic direction, and highest priority, was to develop an "effective, integrated workforce infrastructure for the City" (p. 4). This was not specified in detail, except to recognize that a collaborative approach would be required. The old OCTB structure clearly had not worked, and no claim was made for the model that TalentWorks itself represented. Rather, the City of Ottawa would now take a leadership role in creating

an inclusive, multistakeholder infrastructure to achieve the stated vision. Given the failure of the CLFDB, OTAB, and the OCTB, this was a brave and optimistic undertaking.

The other four strategic directions involved various forms of follow-up to action items identified by the Task Force on Employment, the Economic Generators Initiative, or both. One of these was a three-volume report on labour market conditions and issues across the full range of economic sectors in Ottawa (not just the seven identified by the Economic Generators Initiative). This was carried out in 2002 by the Centre on Governance at the University of Ottawa (Centre on Governance 2002a, 2002b, 2002c). Another was the creation of a Web-based portal providing access to labour-market information for both employers and “job-seekers.” The Talent Plan also proposed to create a career guidance network to support the work of professional career counsellors. The fifth strategic direction was to support skill development and recruitment initiatives. Here the immediate priority was to take action on the barriers to labour-market access by recent immigrants. TalentWorks was instrumental in broadening the World Skills initiative to the Internationally-Trained Workers Project to embrace a range of professions and skilled trades. It also envisaged work to develop a Prior Learning, Assessment and Recognition (PLAR) system to serve both employers and individuals seeking work for which they are qualified but lack recognized credentials.

A close examination of TalentWorks' plans and projects leads to the conclusion that it was, like the Task Force on Employment, an expression of inclusive liberalism. This is best summed up in the "Monitoring and Indicators" section of the Talent Plan. The two indicators proposed by the Talent Plan were: (a) "reduction in the employment gap between internationally trained professionals and Canadian born and trained professionals," and (b) "reduction in the gap between the highest and lowest 10% of household income" (p. 38).

By the middle of 2004, TalentWorks had carried out all of the projects in its short-term work plan,¹³⁹ and it had also taken on additional projects that arose at short notice. For example, TalentWorks had supported the creation of the Ottawa Talent Initiative, a non-profit organization with a resource centre created for technology workers in the wake of the "tech crash" after 2001; its mission is to "accelerate the return of high tech workers to sustainable employment in the Ottawa region."¹⁴⁰ However, TalentWorks' progress had stalled at this point. Its funding from the City of Ottawa had run out, and none of the anticipated support was forthcoming from either the federal or the provincial government. Three of its four staff members had been laid off, and survival prospects were not good.

¹³⁹ See the TalentWorks web site for an overview of specific projects completed to date (<http://www.ocri.ca/talentworks/default.asp>).

¹⁴⁰ See the Ottawa Talent Initiative Web site (<http://www.ottawatalentinitiative.ca>).

At one level, this outcome is of a piece with many other elements of the Ottawa 20/20 Plan. On paper, the City of Ottawa's long-term plan is an excellent example of inclusive liberalism. In its seven guiding principles it aims to create (1) "a caring and inclusive city," (2) "a creative city rich in heritage, unique in identity," (3) "a green and environmentally-sensitive city," (4) "a city of distinct, liveable communities," (5) "an innovative city where prosperity is shared among all," (6) "a responsible and responsive city," and (7) "a healthy and active city."¹⁴¹ Adopted in 2003 after the most extensive public consultation process ever undertaken in Ottawa, its first test arose in the planning for the 2004 City of Ottawa budget. City Council instructed its staff to prepare a budget with no tax increase. The result was a draft budget with extensive cuts to services, the arts, community-based organizations, and City staff. This provoked widespread outrage, especially from those who had devoted a great deal of time to contributing to the Ottawa 20/20 plan. One letter to the editor from a local environmental activist captured this feeling succinctly:

¹⁴¹ For the full Ottawa 20/20 Plan, see the Web site:
(http://www.ottawa.ca/city_services/planningzoning/2020/window/index_en.shtml)

Rarely will citizens see such a stark case of vision and principle set aside for short-term savings as in Ottawa's 2004 draft budget. How can it be that in the blink of an eye, the city moved from embracing a sustainable development vision in its new official plan to proposing draconian cuts to those same people, programs, facilities and features that will achieve this vision of intelligent growth and healthy and vibrant communities? (Ottawa Citizen, February 23, 2004, D4)

The ensuing budget debate across the city drew out large numbers of citizens on all sides of the issue. The upshot was a decision by the City Council to bring in a modest tax increase, the first since the election of Bob Chiarelli as Regional Chair in 1997, and the reinstatement of many of the services that had been cut. TalentWorks, however, received only a further six months of funding from the City with the condition that it was to use this time to find other sources of revenue from the provincial and federal governments.

Thus, TalentWorks turns out to be a familiar story, sharing the fate of any number of community-based organizations with progressive agendas. It has made a good, progressive contribution, but it is underfunded and its future is uncertain.

This also seems to be the appropriate general conclusion to draw from this review of efforts to construct progressive alternatives at the local scale, from the People's Hearings through the two task forces, Partners for Jobs, and TalentWorks. All can be shown to have made a progressive difference. There is no doubt that these efforts were worthwhile, helping at a minimum to mitigate the misrecognition and maldistribution resulting from policy at other levels of government. All of them, however, were limited in what they

could achieve on the ground by fiscal constraints.

7.4 Conclusion

Let us now summarize the findings of the case study by assessing and explaining the policy outcomes.

The local anti-poverty network, by working with and within the RMOC and the City of Ottawa, successfully resisted some of the most regressive aspects of the workfarist welfare reform agenda of the provincial government during the Common Sense Revolution. Working from the model of Opportunity Planning, the network subverted the Community Placement program and transformed it into one among a range of voluntary options that might prove helpful to social assistance recipients. In Partners for Jobs, it created a respectful set of services to respond to the needs of the majority of social assistance recipients. With its limited fiscal capacity, the municipality also compensated somewhat for the withdrawal of important health and social supports to people not on social assistance but earning low incomes, thus making the transition from welfare less risky. Through the period of fiscal retrenchment by the federal and provincial governments, the municipality also maintained its core funding for the network of community-based health and resource centres, a critical component of the city's social infrastructure and one of the important bases in the community for anti-poverty activism.

The local anti-poverty network played the central role in achieving these outcomes. Working both outside and inside the municipal government, its activists insisted on bringing the Opportunity Planning Pilot Project to the RMOC, led the resistance to workfare, launched the People's Hearings on Poverty, organized the Task Force on Poverty, and monitored the implementation of Ontario Works. Despite some moments of tension, there was generally a positive and constructive working relationship among the anti-poverty activists located in community-based organizations, the municipal councillors, and the social service managers and staff.

The local anti-poverty network was only one among a number of contributors to the Task Force on Employment, but it played a significant role both in its genesis and in its work, and its influence is apparent in the report and in the construction of the Partners for Jobs program. The anti-poverty network's direct role in TalentWorks is less significant, but the work of this labour-force development program illustrates the expansion into Ottawa's political mainstream of resistance to the ideology of the Common Sense Revolution and the arrival of a new phase of inclusive liberalism.

During the period of the Social Assistance Review and Peterson and Rae governments, the anti-poverty network in Ontario had looked to the province for progressive welfare reform. In the wake of the crisis of the NDP government and the onset of the Common Sense Revolution, it was rational for the local anti-poverty network to refocus its efforts

on the municipal government. It was receiving no hearing at all from the Harris government. Indeed, as Peck has noted (2001: 249), attacks by anti-poverty activists on Ontario Works helped the Harris government to reinforce support from its own political base. It made more sense to turn to the municipal government, where it had a presence, and to work with it on a common strategy of resistance and the construction of progressive local alternatives. This was a case of shifting the scalar focus downward in response to a change in the political opportunity structure. Peck and others have criticized, with good reason, this tendency to shift the focus of activism in this policy field to the local scale, as we noted in Chapter 3. The case illustrates, however, that there were significant gains to be made by working at this scale.

Moreover, this shift in focus did not entail complete isolation from the work of activists elsewhere, especially within the province. Successful resistance to the lifetime welfare ban, a somewhat delayed outcome of the intervention of the Ontario anti-poverty network at the Kimberly Rogers inquest, was due to province-wide organizing. The case study shows Ottawa's local community-based activists, social service managers, and municipal councillors working together to make a significant contribution to this province-wide effort. We have also noted that the People's Hearings were the result of a province-wide initiative to organize locally-based popular inquiries into the impact of the provincial government's welfare reform policies. Connections beyond the local scale were therefore important both to local outcomes and to local contributions to outcomes at the provincial

level.

Explaining the positive outcomes in the case demands attention both to agency and to structure. The key agent in the case was the local anti-poverty network with members in community-based organizations, the municipal council, and the management and staff of the municipal social services department. These actors shared a common set of perspectives and preferences for welfare reform, a policy legacy drawn from the experience of working together intensively on the issues both before and during the period of the Social Assistance Review and in the fifteen years that followed it. The progressive policy legacy of the municipality's Social Services Department itself was critical in this regard, and was a factor explaining the strong leadership provided by the Social Services Commissioner. It was, however, the cooperation among community activists, a core group of progressive elected councillors, and the social services staff that was decisive in securing the support of the municipal government for resistance to the workfarist agenda of the CSR and the development of progressive alternatives.

Despite the existence of extralocal rule regimes at the federal and provincial levels, there were important structural advantages at the local scale. Active social policies requiring individual case management can only be administered at the local scale. Municipal governments have a long tradition of responsibility for the administration of social assistance in Ontario, and it would have been awkward for the province to assume direct

control of service delivery in Ottawa or to assign it to any other agency. This left space for a significant degree of local discretion in the design and implementation of programs.¹⁴²

The case, however, also illustrates some of the limits to progressive welfare reform at the local scale. One structural factor is the most evident: local governments simply lack the fiscal capacity to compensate for retrenchment at other levels of government. For this reason, good social and labour market policy in Canada, whether in health, education, training, housing, income security, child care, or other social services, cannot be achieved at the local scale in isolation. Beyond this fiscal issue, the extralocal rule regime embodied in the Ontario Works Directives provided several formidable obstacles to achieving a fully progressive set of welfare reforms. It was not even possible to get around many of the regressive non-financial aspects of the interscalar rule regime by strictly local action. The system-dominated Service Delivery Model, compulsory literacy testing, and the lack of adequate programs for the hard-to-serve population are examples.

Fiscal retrenchment and a new regime of accountability imposed by both public and

¹⁴² Jeffrey Pressman and Aaron Wildavsky recognized the critical role played by local authorities who are responsible for the implementation of policies formulated at other scales of the state in their book, Implementation: How Great Expectations in Washington are Dashed in Oakland: or, Why It's Amazing That Federal Programs Work At All (Pressman and Wildavsky 1984).

private sector donors weakened the voluntary sector as a material base for the local anti-poverty network. Community-based organizations that survived found it increasingly difficult to conduct the analysis and allocate the resources necessary to engage in advocacy of progressive public policies. This setback was mitigated to some extent by ongoing municipal support for the community health and resource centres, but Ottawa's anti-poverty network was weaker by 2003 than it had been in 1995.

The structural obstacles, particularly the lack of fiscal capacity of the municipal government and the constraints embodied in the Ontario Works Directives and Service Delivery Model, appear to be the main explanation for the limits to progressive welfare reform at the local scale. Given these structural obstacles, it is difficult to attribute deficiencies in the outcome to failures of agency on the part of the anti-poverty network, although in the next chapter I discuss how such agency might be strengthened in the future. Moreover, if we recognize that social policy is a multiscalar process, we must accept that progressive local actors cannot expect a municipal government to achieve, by itself in isolation, the policy goals of parity of participation and sustainable livelihoods for all of its citizens. The case illustrates some of the progressive steps that a municipal government can take in these circumstances: it can resist the most stigmatizing aspects of regressive welfare reform, mitigating the misrecognition inherent in workfarism; it can develop progressive alternative approaches, such as the programs of Partners for Jobs, that demonstrate that things could be otherwise; it can support political work at other

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scales of the state, such as the intervention in the Kimberly Rogers inquest; and it can provide the progressive local forces in the community with material support and the political space to express itself and to expand its understanding of the issues. Ottawa's anti-poverty network was successful in eliciting progressive action by the municipal government in each of these areas.

The outcome of the struggle over welfare reform in Ottawa during the Common Sense Revolution, then, was a set of policies, programs, and practices that fell somewhere between the preferences of the antagonists. It was not redistributionist, in the manner that had been advocated by the Social Assistance Review Committee in 1988; by 2003, the benefit rates were more inadequate than ever. However, it was not the coercive workfare program that had been anticipated in 1995, and the moral underclass discourse that had supported that approach was not much in evidence by 2003.

Indeed, by 2003, the socially conservative neoliberalism of the Common Sense Revolution was exhausted, and was abandoned not only by Ontario voters but by the provincial Progressive Conservative Party itself. A new common sense was taking shape around the concept of social investment and its supporting ideology of inclusive liberalism. This was part of a much broader ideological shift taking place in Canada and in other OECD countries, as noted in Chapter 4, and it is therefore impossible to measure the influence of the local anti-poverty network in this regard. However, we can at least

observe that it played a role in this shift as it took place locally. We see the emerging ideology of inclusive liberalism expressed, for example, in the report of the Task Force on Employment, to which the anti-poverty network contributed. We see it also in the discourse of TalentWorks, one of the outcomes of the Task Force on Employment. At a broader level, we see it especially in the principles underlying the Ottawa 20/20 Plan, which was based upon extensive community consultation.

Was the immediate outcome of the struggle a progressive one? That is, did the welfare policies and programs in place in Ottawa by 2003 increase the degree of parity of participation by means of remedies that promoted basic capability equality and sustainable livelihoods? Yes, to a limited degree. Some of the programs of Partners for Jobs, particularly the Employment Development Initiatives, represented significant progress not only in relation to the policies of the Common Sense Revolution but also by comparison to the kinds of support available to people in need prior to the Social Assistance Review. The emphasis given to assisting people to move out of precarious, low-wage employment into somewhat more secure and better paying employment was a significant improvement over the workfarist principle of “shortest route to a job.” Programs and practices that were respectful, that provided people in need with some degree of control over the selection of services available to them, helped to mitigate the misrecognition of social assistance recipients that was inherent in workfarist policy and

discourse. But it would be difficult to make any greater claims than these for the immediate outcome of the struggle.

Taken as a whole, however, the set of policies and programs described here could be seen as an example of nonreformist reform. That is, they were not in themselves transformative of social relations, but they helped to change the terrain upon which future struggles would be fought. At the local level in Ottawa, they played a significant role in resisting and subverting the socially conservative neoliberalism of the Common Sense Revolution and, by doing so, they helped to bring about a new phase of inclusive liberalism.

Therefore, if we ask a slightly different question, the answer is more definitely affirmative. Were the efforts of Ottawa's anti-poverty network to achieve progressive welfare reform effective? Yes, definitely. They were effective in resisting the aims of the Common Sense Revolution and in helping to create a new situation with a different political opportunity structure. The next phase, that of inclusive liberalism and the social investment state, should not be mistaken for the New Jerusalem, but it did open up new possibilities in several social policy fields. I will discuss these briefly in the final chapter.

Chapter 8: Conclusion

What can we learn from this case, and what further research does it suggest? As with any case study, there were many features of the story that were specific to the time and place. For example, during most of this period, Ottawa's labour market was growing. The difficult conditions of 1995 turned out to be the low point. During the years from 1995 to 2001, federal cutbacks were more than offset by growth in employment in the technology sector. Workers in the technology sector then experienced significant job losses during the "tech crash" that began in 2001, but the local economy as a whole remained buoyant due to a resurgence of hiring by the federal government. These trends drove employment in the other sectors. It is in this kind of environment that active labour-market measures are most likely to succeed. The story would have been different in a municipality with stagnant or declining employment.

This was a case in which a local anti-poverty network worked within and alongside a municipal government in conflict with a provincial government. This scenario was quite different from situations in which the local forces are fighting city hall, or attempting to take it over. The anti-poverty network described here was not a part of any agenda to establish a political party, such as Vancouver's Committee of Progressive Electors

(Vogel 2003), nor did it work within a broader urban social movement, such as Toronto's Metro Network for Social Justice (Conway 2004).

Ottawa itself, in 2007, is a different place than it was during the Common Sense Revolution. There is a new Mayor, a new Council, a new leadership and management structure for municipal social services, a new set of conditions facing community-based organizations, and there are different federal and provincial governments. Strategies and tactics that were appropriate during the years studied may now be outdated.

Nevertheless, we can draw some conclusions and suggest areas for further research. The case demonstrates that we should not underestimate the potential of efforts at the local scale to achieve progressive social policy. As we have seen, this potential exists even when, as in Canada, the municipal government is a creature of the provincial government, lacks any constitutional status, has only a property tax base for its independent revenue, and must operate within the context of a set of regressive extralocal rule regimes.

Moreover, the potential is there even in a medium-sized Canadian city without a progressive municipal political party or an organized progressive urban social movement. This conclusion supports a similar finding by Mahon (2006b), in her study of child care policy in Toronto, Vancouver, and Montreal, that such extralocal rule regimes do not fully determine what happens at the local scale. Local forces have the capacity both to resist regressive policy initiatives at other scales and to develop progressive alternatives.

Moreover, this case suggests that the process of contestation at the local scale can contribute to the subversion of a regressive policy regime at a higher scale, and to its transformation.

The conclusion to Chapter 7 has noted the factors that account for the outcome in this case, both the positive factors and the constraints. Here, I will leave aside the structural factors and discuss the question of agency. Of course, the outcome would have been different had the structural factors been different, had the set of extralocal rule regimes been more supportive of progressive policies and practices — for example, had the Canada Assistance Plan not been dismantled, and had the recommendations of Transitions and Time for Action been implemented. This observation supports the argument of Peck and others, cited in Chapter 3, that it is necessary to contest workfarism at higher scales than the local. The point of this case study was not to dispute that argument but to explore the potential for action at the local scale.

The central actors in this case were the members of an anti-poverty network that was located in community-based organizations, the municipal council, and the municipal social services department. The community-based members of the network were a mix of service-delivery agencies and advocacy groups, including organizations of social assistance recipients. The progressive councillors worked primarily through the municipality's social services committee, but not all of them represented inner-city wards

where welfare issues were more salient, and on certain critical occasions they succeeded in winning over a majority of their fellow councillors to a position supporting resistance to workfare and the development of progressive alternatives. The managers and staff of the social services department had inherited a progressive policy legacy, and this had been reinforced by the professional formation they had received, notably at Carleton University's School of Social Work.

It is interesting to note that networks of local actors with similar locations inside and outside the municipal government were responsible for the successful development of alternatives in Mahon's (2006b) study of child care in two of the three Canadian cities that she investigated. It is therefore relevant to call attention to the particular strengths of this kind of network. Despite its lack of influence with the provincial government during this period, Ottawa's anti-poverty network was able to mobilize resources of the municipal government to pursue its own vision of progressive welfare reform. In the terms used in the institutionalist literature (Coleman and Skogstad 1990; Atkinson and Coleman 1992; Pross 1992), this anti-poverty network was not the "sub-government," but it was also much better situated than a merely "attentive public," and it was much more than a "pressure group." In the language of advocacy coalition theory (Sabatier and Jenkins-Smith 1999), the network was clearly not a member of the "dominant coalition," yet it controlled the branch of the state responsible for a critical phase of the policy process — that of implementation. In the terms of social movement theory, the network

was something less than an urban social movement with an overtly political agenda; rather, it tended to advance its case with reference to professional standards such as client choice, voluntary participation, and even cost-effectiveness. Yet, its members understood that they were contesting a socially conservative neoliberal policy regime, and not merely an isolated instance of bad policy.

It is worth simply taking note of the effectiveness of this kind of network as a vehicle for activism on social policy issues. Under certain circumstances, it would seem to be effective for community-based activists to work with city hall in order to contest provincial and federal policies and to develop progressive alternatives. These circumstances include policy fields in which services must be delivered locally, and where the city has a progressive policy legacy, at least a core group of progressive councillors, and progressive officials. Further case-study research on this interscalar aspect of the policy process could serve to develop the conception of this type of network and strategy, making a contribution both to the institutionalist literature and to social movement theories of the policy process.

Let us go a little further, however, and examine the anti-poverty network in this case from the perspective of the social movement theory sketched in Chapter 2. Can we learn anything more by considering the network's performance in relation to ideas about social

movement strategy? What insights would be useful to carry forward into a period of post-neoliberal inclusive liberalism?

In the terms of the framework introduced in Chapter 2, the case study has documented a “struggle of specificity,” a local struggle within a particular policy field, that of social assistance, in one city. Indeed, the struggle became more specific over time. Ottawa’s anti-poverty network, as we saw in Chapters 5 and 6, had roots that pre-dated the Social Assistance Review of 1986 to 1988. When a province-wide SARC Network was formed in 1988 to lobby for implementation of the Transitions recommendations, the local network in Ottawa created a local SARC Network chapter and focused its effort on the provincial government. This province-wide networking, which began during the Social Assistance Review and increased in the years immediately following it, could be described to some extent as a “struggle of connection,” building links with other groups around the province to strengthen their collective advocacy effort. The province-wide SARC Network ceased to exist in 1991, but the local network remained active. As the prospects for progressive welfare reform faded towards the end of the NDP period and collapsed completely with the election of the Harris government, the network turned its attention increasingly to what could be done to resist workfare and to create alternatives in Ottawa. Links to similar struggles elsewhere in the province continued to exist, as noted in the account, but they were no longer central to the achievement of the immediate goals of the network members, who now focused on making the best of a bad situation in

their own city. There is, however, no evidence of any significant increase in connections across sectors of social policy activism within the city, of alliance-building to resist the broader agenda of the Common Sense Revolution and to construct progressive alternatives to it. Such connections had already existed to some degree, of course, notably through the Social Planning Council. The People's Hearings helped to expand and strengthen the anti-poverty network, but does not appear to have built alliances beyond it. We cannot say, therefore, that any "struggle of connection" emerged from the struggle over welfare reform, either in terms of strengthened connections with other places or scales of action, or across specific struggles within Ottawa.

What would a local "struggle of connection" look like and how it could make a difference? An example of such a struggle is Toronto's Metro Network for Social Justice (MNSJ). According to Conway (2004), the MNSJ, founded in 1992, was a cross-sectoral coalition of over 200 organizational members in Metro Toronto. It included labour unions, churches, anti-poverty organizations and service delivery agencies, Third World solidarity and international development groups, and equity-seeking groups representing women, people with disabilities, specific ethnic groups, and minority sexual orientations. Its immediate antecedent was the Action Canada Network, created to oppose the Canada-US Free Trade Agreement, but as the MNSJ it was reconstituted as a local network in Canada's largest city. Its role was to strengthen its members in "a common struggle against neoliberalism" by means of "grassroots capacity-building, democratic

organizational development, participatory knowledge creation and broad-based campaigning” (Conway 2004: 9).

My intention is not to propose the MNSJ as a model but only to point to it as an example from another place and time of an approach in an urban setting to building connections across specific struggles for social justice, for parity of participation, while respecting the specificity and relative autonomy of each. The effect of building such a network is to help to break through the “sealed identities” that Magnusson (1996) speaks of, expanding the perception of the actors in each sector of the broader significance of their struggle. The overall effect is to transform a disparate collection of service providers and single-sector policy advocates into an urban social movement. This, as Conway describes, can have transformative effects on the practices of each, contributing to the development of new methods of work, new connections across sectors, and new theoretical understandings. In this way, a struggle of connection contributes directly to struggles of imagination, or what Laclau and Mouffe (1985) call “the constitution of a radical imaginary”.

The specific roles that a coalition or network might play would be a matter for its members to decide. The MNSJ focus upon capacity-building, common campaigns, and knowledge creation, suggests a mutually-reinforcing set of priorities with potential impacts ranging from the mundane to the remarkable. For example, at the level of daily practices, a service provider under contract to the municipality to provide employability

training for social assistance recipients might begin to include sessions on labour law, or invite a union representative to speak to the group about workers' rights. There is no predicting where such first steps might lead. At a broader level, campaigns on specific issues can move beyond the interests of limited constituencies when they are cast within the broader frame that an urban social movement can provide. It should be clear, for example, but often is not, that the inadequacy of social assistance is an issue of vital concern to feminists, to people with disabilities, to recent immigrants and refugees, and to labour unions, to name only the most obvious groups.

Because of Ottawa's smaller size, there are already many face-to-face connections across sectors, and some service providers already engage in a variety of progressive practices such as informing their clients about workers' rights. Nevertheless, the creation of a network specifically designed to group a wide variety of organizations under the banner of "social justice" could have transformative effects, creating a progressive urban social movement in Ottawa. Moreover, the strengthening of such connections locally could serve to catalyze the development of connections to networks beyond the city, linking those engaged in local struggles in this city to the wide world of social movement organizations across the province, the country, and the globe.

As Nancy Fraser points out (2003b: 86), it is not the job of an individual to develop social movement strategy. However, a useful area for further research would be to investigate

the conditions under which broader urban social movements tend to emerge in a place like Ottawa. The value of a broad network or coalition across sectors at the city level was probably more evident during the Common Sense Revolution when the Harris government's own rhetorical practices tended to highlight the common interests of welfare recipients, unions, public servants, and other groups that it targeted. Such an urban social movement could be just as relevant to an age of inclusive liberalism, however, especially in a time when urban issues are "back on the policy agenda" (Andrew, Graham and Phillips 2002). One of the key concepts of inclusive liberalism is that of "joined-up government." In social policy fields, this means the development of cross-sectoral programs integrating a wide range of policies and programs in the fields of health, education, housing, arts, recreation, community economic development, and so on, to create inclusive and resilient communities, families, and individuals. The broader concept of "joined-up governance" integrates public sector agencies with private sector and civil society organizations towards these goals (Pollitt 2003; Porter, Doug and Craig 2004). There is a great deal of progressive potential in this approach, especially when compared to the neoliberalism of the 1990s. Groups that define their aims in terms of social justice may find a great deal that they can support within this framework. Nevertheless, if we understand inclusive liberalism to be a new hegemonic project designed to provide market capitalism with a more human face, groups concerned with social justice will want to maintain a critical perspective upon it. One effective way to do

this would be to “join up” among themselves in a parallel formation to pursue an explicitly progressive social justice agenda. This would facilitate a critical engagement with the programs of inclusive liberalism while reducing the danger of cooptation.

We should note, in particular, that the case suggests the value of an approach that does not isolate progressive actors working inside the local government and other mainstream institutions in the city. The local state is not necessarily an enemy of progressive local forces, or an entity that is located completely outside its networks; rather, it is a field of struggle upon which progressive activists have the right to engage. They need to stay involved in local politics, support progressive candidates for election, and work with progressive municipal programs. Similarly, progressive actors within the local state, whether they be elected representatives or officials, should search for ways to strengthen their allies in the community. They can do this not only by funding their work but also by providing spaces for them to come together across sectors to build alliances and to re-imagine their goals and methods.

Further research would be useful into cases in other policy fields in which municipal governments have been taking on larger implementation roles, especially where the local state is attempting to construct progressive alternatives to policy at other scales of the state. In addition to the welfare and employment policies studied here, and Mahon’s (2006b) work on child care policy, there are likely to be fruitful cases for investigation in

the fields of housing, environmental regulation, community economic development, education, recreation, arts, and urban design. Each policy field would demand consideration of the meaning of “progressive” in its specific area. The question to be explored, however, is not only what makes good policy, but the politics of achieving it. How can local actors, working inside and outside the local state, build alliances across sectors in the city, develop connections with other places, initiate progressive alternatives, have an impact on policies at other scales of the state, and reflect critically on their own goals and methods? What are the conditions that facilitate the emergence of this kind of progressive practice?

Appendix A: Index of Organizations and Programs

The following is a guide for quick reference to organizations and programs that are mentioned prominently and in more than one place in the text.

Advisory Group on New Social Assistance Legislation

Working group appointed by the Ontario Liberal government in 1991 to advise on implementation of the recommendations of the Social Assistance Review Committee (q.v.). It made two reports, Back on Track (1991) and Time for Action (1992). See section 5.2.

Anti-Poverty Project (Ottawa)

An advocacy coalition of churches and community organizations organized after the closure of the Social Assistance Recipients Council (q.v.).

Community Participation Program

The component of the Ontario Works (q.v.) program involving voluntary work in the community; originally conceived as the coercive “work-for-welfare” component of Ontario Works. See Sections 5.3.3 and 7.2.3.

Community Services Committee

The standing committee of elected councillors of the RMOC (q.v.) which oversaw the municipal Social Services Department. After municipal amalgamation in 2001, this committee was restructured and renamed the Health, Recreation, and Social Services Committee (q.v.).

Family Benefits Allowance (FBA)

Social assistance benefits conceived as long-term assistance for people in need, such as single mothers and people with disabilities; launched in 1967 and replaced by Ontario Works (q.v.) and the Ontario Disability Support Program (q.v.) under the Social Assistance Reform Act of 1997.

General Welfare Assistance (GWA)

Social assistance conceived as short-term support for people in temporary need of income support; launched in 1958 and replaced by Ontario Works (q.v.) under the Social Assistance Reform Act of 1997.

Health, Recreation and Social Services Committee (HRSSC)

The standing committee of elected councillors which oversaw the municipal People Services Department of the new City of Ottawa after amalgamation in 2001; took on the functions previously performed by the RMOC's Community Services Committee (q.v.).

Learning, Earning and Parenting Program (LEAP)

A component of the Ontario Works (q.v.) program designed for teenage parents receiving social assistance; launched in 1999, it is mandatory for parents aged 16 and 17 and available to those aged 18 to 21. See Section 5.3.3.

Ontario Disability Support Program (ODSP)

Program of social assistance for people with recognized disabilities; created under the Social Assistance Reform Act of 1997; managed directly by the province.

Ontario Works (OW)

Program of social assistance for people in need of income support; launched as a program in 1996 for people receiving benefits under General Welfare Assistance (q.v.); in 1997 under the Social Assistance Reform Act it became the one program for all social assistance recipients except those with recognized disabilities.

Opportunity Planning

A voluntary program operated as a pilot project in Ottawa from 1992 to 1996; it offered some social assistance recipients access to intensive, client-centred services addressing barriers to income independence; it later served as a model for several aspects of the city's Partners for Jobs program (q.v.). See Section 6.4.

Partners for Jobs

The employment strategy and program of the City of Ottawa designed primarily for Ontario Works clients; some elements are available to the general public. See Section 7.3.4.

People Services Department

The successor to the Social Services Department (q.v.) after amalgamation created the new City of Ottawa in 2001.

Regional Municipality of Ottawa-Carleton (RMOC)

The regional tier of municipal government, comprising 11 lower-tier municipalities, prior to the amalgamation that created the new City of Ottawa in 2001; the RMOC was

responsible for planning, debt financing, water and sewage, public transportation, regional roads, and social services. See Section 6.2.

Social Assistance Recipients Council

An organization of social assistance recipients in Ottawa from 1991 to 1996; provided advocacy for individuals in relation to the welfare system as well as general policy advocacy; forced to close when (old, lower-tier) City of Ottawa cut its funding in 1996.

Social Assistance Reform Committee (SARC)

Committee appointed by the Liberal government of David Peterson in 1986 to review Ontario's social assistance system and recommend reforms; reported in 1988 in document titled Transitions; see Section 5.1.

Social Planning Council of Ottawa-Carleton

A central council of local social service agencies founded in 1928 to research and publicize the social needs of the community; see section 6.2.

Social Services Department

The department of the Regional Municipality of Ottawa-Carleton (q.v.) responsible for delivering a range of social services, including social assistance; reorganized as People Services (q.v.) after amalgamation of the new City of Ottawa in 2001.

Supports to Employment Program (STEP)

A program initiated by the Peterson government in 1989 to reduce the clawback of social assistance benefits and to supplement labour-market income in order to facilitate labour-market entry; the program has seen several changes over time but still exists at the time of writing; see Sections 5.2 and footnote 127 in Section 7.3.3.

TalentWorks

An initiative proposed by the Task Force on Employment and launched in 2001 to address workforce development issues in Ottawa; managed by the Ottawa Centre for Research and Innovation, a public-private economic development agency; see Section 7.3.5.

Workfare Watch

A project of the Social Planning Council of Metro Toronto; from 1996 to 2003 it published a newsletter and several other critical studies on the impact of workfare in Ontario.

Appendix B: Chronology of key events

Date	Canada	Ontario	Ottawa
pre-1960s	Unemployment Insurance Act (1940)	General Welfare Assistance Act (1958)	Council of Social Agencies founded (1928)
1960s	Canada Assistance Plan (CAP) (1966)	Family Benefits Act (1967)	Stuart Godfrey appointed director of Ottawa's Welfare Department (1964) First community health and resource centres RMOC established (1969); Welfare Department moves to Regional level.
1970s	"Golden age of direct job creation"		RMOC begins core funding of community health and resource centres Social democratic mayors of Ottawa: 1975-85
1980s	Dodge Report (1981) Canadian Jobs Strategy (1985-90) Canada-U.S. Free Trade Agreement (1988) Labour Force Development Strategy (1989) Tight fiscal policy of federal government (1985 through mid-1990s) Zero inflation policy of Bank of Canada (1989 through mid-1990s) Tightening of UI eligibility (1989)	Liberal government elected (1985-90) Social Assistance Review (SARC) (1986-88) SARC Public Awareness Campaign (1988-90) Supports to Employment Program (STEP) launched (1989)	SARC Monitoring Committee (1988-95)
1990	"Cap on CAP"	Advisory Group on New Social Assistance Legislation (1990-92) NDP government elected (1990-95)	
1991	Canadian Labour Force Development Board (1991-99)		Social Assistance Recipients Council organized (1991-96)
1992			Opportunity Planning Pilot Project (1992-96)

Date	Canada	Ontario	Ottawa
1993	Liberal government elected (1993-2006)	“Social Contract” legislation “Turning Point” released: NDP welfare reform proposals	
1994		PC Party adopts “Common Sense Revolution” as election platform	
1995	1995 Budget: - Termination of CAP - Human Resource Investment Fund - Intensified fiscal austerity	PC government elected: Common Sense Revolution launched (1995-2003) - Social assistance benefits cut by 21.6% - Widespread social spending cuts “Days of Action” across Ontario, led by labour movement (1995-98)	RMOC Council debates, rejects workfare Downsizing of federal public service begins Major cuts to local employment and social service programs “Stop the Cuts” coalition organized
1996	Employment Insurance Act	Ontario Works program launched for GWA recipients	Local organizing begins to resist workfare RMOC Council adopts 6 principles to govern implementation of Ontario Works RMOC Social Services Department commits to principles of client choice and voluntary participation for Ontario Works
1997		“Service realignment” leaves major role for municipalities in administering welfare; significant downloading of social expenses. Social Assistance Reform Act - terminates GWA and FBA - creates Ontario Disability Support Program - Ontario Works sole program for all other social assistance New Service Delivery Model for social assistance introduced in stages (1997-2002)	Community consultations for RMOC’s Ontario Works Business Plan RMOC adopts Ontario Works Business Plan (April); province rejects plan; RMOC approves revised plan (September) Arm’s-length Project Team for Monitoring Ontario Works created People’s Hearings launched Bob Chiarelli elected Regional Chair (November)
1998	National Child Benefit Supplement introduced		Peoples Hearings report to RMOC Council Task Force on Poverty launched
1999		Learning, Earning and Parenting Program (LEAP) launched PC Party re-elected: Common Sense	Task Force on Employment begins work (January); reports (September); implementation of recommendations

Date	Canada	Ontario	Ottawa
		Revolution continues.	begins RMOC's "Partners for Jobs" program organized.
2000		Lifetime ban for welfare fraud Compulsory drug and literacy testing	Task Force on Poverty final report; RMOC approves recommendations and begins implementation.
2001		Death of Kimberly Rogers Mike Harris resigns as Premier; replaced by Ernie Eves.	New City of Ottawa created from the 11 municipalities of the RMOC TalentWorks organized
2002		Kimberly Rogers inquest	City Council supports intervention of activists at Kimberly Rogers inquest.
2003		Liberal government elected	Ottawa 20/20 Plan adopted

Appendix C: Recommendations of the Task Force on Poverty

(Source: Task Force on Poverty in the Region of Ottawa-Carleton 2000)

The Task Force on Poverty arranged its recommendations in four groups: Action Items for the RMOC, Recommendations Related to Other Initiatives, Advocacy Recommendations, and Public Participation.

A. Direct action items recommended to the RMOC

The recommendations appearing in this section require Community Services Committee and Council to direct Regional Staff to undertake the following actions and incorporate these actions into appropriate operational plans. These recommendations fall within the realm of the Region's normal business. They do not represent a request for funding.

Housing

Accessibility

1) That the Region:

- a) **develop an inventory of accessible housing units throughout the region;**
- b) **take into account the needs of the physically disabled should any new affordable housing units be constructed;**
- c) **identify potential funding sources for modifying existing dwelling units (such as the Federal Residential Rehabilitation Program (RRAP) for the Disabled Program) and ensure that this information is available at the local level.**

Tenant Protection

- 2) **That the Region support public education activities to enhance tenants' knowledge of the Tenant Protection Act and monitor the number of evictions that are occurring in Ottawa-Carleton.**

Accessory Apartments (Secondary Suites)

- 3) **That the Region take an active role in:**
 - a) **ensuring all municipal zoning by-laws are amended to permit accessory apartments in areas where single family, semi-detached housing and**

- duplexes are permitted;
- b) ensuring consistent application of the by-laws; and
- c) encouraging the creation of accessory apartments which are consistent with building codes.

Affordable Housing Units

- 4) That the Region play an active role in preserving, maintaining and expanding the number of affordable housing units as the Region's mandate in social housing increases.

Telephone/Hydro/Gas

Necessary Services

- 5) That, as a first step, the Region work collaboratively with high level officials at Ottawa Hydro to:
 - a) continue to work closely to prevent the cut-off of service whenever possible; and
 - b) help ensure that appropriate orientation be given to hydro employees dealing with social assistance recipients and low income earners.
- 6) That the Region build on this first step by exploring ways to involve organizations providing telephone and gas services in similar collaborative efforts and orientations for staff; and

That the Region vigorously advocate to the relevant service companies to:

- a) exempt people living in poverty from 411 service fees;
 - b) ensure access to 911 emergency services, 411 directory services and local calls (excluding "O" operator services) for all residents of Ottawa-Carleton; *and*
 - c) introduce a sliding fee scale for monthly fees, hook-up fees, re-installations costs, security deposits etc. for essential telephone, hydro and gas services based on income and recognizing hardship.
- 7) That the Region maximize the use of direct payments to meet the requirement for a waiver of security deposits at the client's request.
 - 8) That the Region maximize discretionary and mandatory benefits, including EHSS, to prevent the cut-off of essential hydro, gas and telephone services.

- 9) That the Region help ensure people living in poverty are aware that no security deposit is required for the installation of a telephone restricted to local calls only.
- 10) That the Region explore the feasibility of the Region acting as a guarantor for security deposits for social benefit recipients and low income earners in those cases where the security deposit requirement cannot be waived.

Share the Warmth

- 11) That the Region provide support to the Coalition of Community Health and Resource Centres in concerted efforts to recruit additional partners for the Share the Warmth program, with an emphasis on hydro companies.

Education

Communication with School Boards

- 12) That the Region play a role in facilitating constant communication between the school boards and social agencies which work with communities of the poor to ensure the communities are informed of opportunities to become involved on decision-making and on advisory committees (e.g. Kids at Risk, Project Visioning 2014) as well as other appropriate opportunities for involvement.
- 13) That the Region request school boards to inform the Community Health and Resource Centre in their area of upcoming changes that could influence special needs services, and therefore ensure greater transparency of the decision making process related to special needs.
- 14) That the Region ensure the distribution of the Task Force on Poverty Final Report to all four school boards with a covering letter highlighting the recommendations related to Education.

Directory of Scholarships

- 15) That the Region, through its participation on the Millennium Learning Centres Steering Committee, ensure a link for low-income people to a full range of on-line and printed information on scholarships and bursaries for students through the Millennium Learning Centres project.

Recreation

- 16) That individual subsidies provided by municipalities in the Region for recreational programs be converted to a Family subsidy so that unused portions of one family member's subsidy may be used by another family member.
- 17) That the Region take a leadership role in ensuring enhanced access to municipal recreation opportunities for people with low-incomes.

Food Security

Food Security

- 18) That Social Services initiate the joint development of a Regional food security policy in collaboration with Regional Environment and Transportation, Health, Planning and Development Approvals, community partners and community members which would address both social and economic needs, including but not restricted to:
- a) access to healthy food, locally grown;
 - b) special awareness of those in the community with low incomes and strategies to increase their access to food;
 - c) the development of more community gardens and community kitchens;
 - d) local business and employment initiatives; and
 - e) ecological and environmental concerns.

Food Banks and Food Centres

- 19) That the Region reprint its "End of the Month Cookbook" and distribute it at local food banks and food cupboard and other strategic locations.
- 20) That the Region encourage the central food bank and food centres to increase the amount of food given per visit.
- 21) That the Region explore ways to support volunteer development at the food centres in order to ensure food centres are open for more hours.
- 22) That the Region help launch and support a public awareness campaign to inform the public about what the food bank does and to encourage donations.

Child Care

- 23) That Regional staff follow-up upon receipt of the Children's Aid Society response to the TFOP letter outlining its concerns with respect to issues of child protection, safety and security with the informal child care system.

Transportation

Access to Public Transportation

- 24) That the Region explore the interest in and feasibility of social agencies which have emergency ticket programs:
- a) receiving the same 20% discount as Social Services currently receives for those tickets which social agencies purchase for their emergency ticket programs; *and*
 - b) becoming involved in the sale of single tickets for non-emergencies.
- 25) That once interest and feasibility have been established, OC Transpo develop an implementation plan.
- 26) That the Region continue to monitor and address the issue of access to public transportation for low income people.

Para Transpo

- 27) That the Para Transpo trip refusal rate should not exceed 1%.

B. RECOMMENDATIONS RELATED TO OTHER INITIATIVES

The recommendations in this section coincide with, and are more appropriately funded through, other initiatives, i.e. Partners for Jobs; reallocation of National Child Benefit savings; Funders' Working Group.

Partners for Jobs (Employment/Income Security)

- 28) For people living in poverty and seeking employment, that telephone services with private voice mail boxes equipped for receiving and retrieving messages be made available and equitably distributed across the region of Ottawa-Carleton, such as in community health and resource centres, community houses, etc., as recommended by the Pilot Project 2000 and the Employment Task Force (Partners for Jobs).
- 29) That a pilot project be initiated to establish Independent Development Accounts (IDA's), exempt from asset limits, in Ottawa-Carleton to enable

low-income people to save for an education for themselves or their children, a house, a business or other approved purposes, and that a sponsoring mechanism be developed to enable community donors to contribute to these accounts.

30) That the Region secure ongoing sources of operational funds for the Micro Investment Fund itself and assistance in securing capital for the Micro Investment Funds.

31) That the Region support the development of a pilot project of Millennium Learning Centres (formerly called Technology Learning Centres) to provide:

- a) local technology access points/learning centres through Community Resource and Health Centres;**
- b) training, technology, materials and technological support in these centres;**
- c) mentorship to community residents who seek advice, counsel and support in order to successfully participate in the economy;**
- d) additional programs and services to be locally defined by each community.**

32) That the Region explore through its participation on the Community Economic Development Network the interest in and feasibility of community based development of a range of employment development and training projects such as :

- a) the provision, collection of donations, re-conditioning and repair of washers and dryers for social assistance recipients and the working poor;**
- b) repair of vehicles for social assistance recipients and the working poor; and**
- c) co-operative places of employment (employment programs) for differently abled people who do not readily fit into the regular employment sector to be developed on a community based, self help, mentoring model, focusing on such endeavours as restaurants, crafts, baking, and catering (example: People First run by Ottawa West End Community Chaplaincy).**

National Child Benefit System (Child Care)

- 33) That the Region provide resources (funds and staff) to prepare a project proposal to create a 24 hour child care service which would provide flexible child care arrangements, that Social Services lead this project in collaboration with community partners, and that future savings from changes to the NCBS be allocated to plan and implement this project.**

Funders' Working Group (211 Information Line)

- 34) That the Region support the development of a user friendly, plain language 211 information line for central access to a wide variety of social and health information. There should be access by means of a "menu" to receive the information in a choice of different languages.**

C. ADVOCACY RECOMMENDATIONS

The recommendations in this section require vigorous lobbying of other levels of government on a range of issues which have been described in each of the People's First reports to date. The Task Force on Poverty urges the Region to enhance its internal capacity in intergovernmental affairs in order to complete this work.

Employment/Income Security

- 35) That the Region in partnership with the community lobby the Province to increase social assistance rates for basic needs and shelter to reflect the actual costs of a nutritious diet and adequate housing and utilities.**
- 36) That the Region in partnership with the community lobby the Province to increase asset limits and earnings before claw-back for both Ontario Works (OW) and Ontario Disability Support Program (ODSP) given that the current limits act as a barrier to increasing social assistance recipients' economic self-sufficiency.**

Child Care

- 37) That Regional Council advocate for more subsidized licensed child care in Ottawa-Carleton.**
- 38) That Regional Council advocate more specifically for flexible licensed child care for evening and night time child care.**

- 39) That the Region approve in principle that parents working night shifts have access to subsidized child care in the parent's home, and that Regional Council lobby the Province to allow in home licensed and subsidized night care for reasons other than a disability.

Telephone/Hydro/Gas

- 40) That the Region, community members and organizations lobby the Provincial government to create new funds to cover hydro and telephone basic fees, along with "basic needs" and "shelter", as part of basic monthly social assistance rates.

Education

Special Needs

- 41) That the Region of Ottawa-Carleton, community organizations and the community lobby the provincial government to reinstate the subsidies for children with special needs to the level prior to the cuts.

Student Loans

- 42) That the Region of Ottawa-Carleton, community organizations and the community lobby the provincial government to:
- a) enable a person to continue to receive social assistance benefits, without deductions, during the period of study for an initial post-secondary degree;
 - b) deem a student loan a loan, not income, for the purpose of determining eligibility for assistance.

Housing

Housing Affordability

- 43) That the Region advocate for the following shelter supplements to alleviate housing affordability problems:
- a) the province to increase the shelter component maximum for social assistance to equal 85 per cent of median market rent for each local

- housing market in each local housing market;**
- b) the federal government to fund a shelter allowance program for working poor families and individuals living in private market rental units that would reduce the share of income that low income people spend on their housing costs to 30 per cent of income.**

Homelessness

- 44) That Regional Council continue to apply pressure to the federal and provincial governments to do their part in addressing homelessness and housing affordability and accessibility problems.**

Transportation

- 45) That the Region, community members and organizations lobby the Provincial Government to increase social assistance rates to cover basic transportation costs.**

D. PUBLIC PARTICIPATION

The recommendation in this section recognizes the need for monitoring the implementation of the Task Force recommendations as well as the ongoing need for identifying emerging issues.

- 46) That the Region initiate an interim organizing committee to develop a standing Advisory Committee and further develop the suggested framework for ongoing public participation of people with low-income.**

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