

**Benefiting Canada's Children:
Perspectives on Gender and Social Responsibility**

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Child Poverty Action Group

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- the accuracy, completeness and timeliness of the information presented;
- the extent to which the analysis and recommendations are supported by the methodology used and the data collected;
- the original contribution that the report would make to existing work on this subject, and its usefulness to equality-seeking organizations, advocacy communities, government policy-makers, researchers and other target audiences.

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PREFACE

Status of Women Canada's Policy Research Fund was instituted in 1996 to support independent, nationally relevant policy research on gender equality issues. In order to determine the structure and priorities of the Policy Research Fund, Status of Women Canada held consultations from March to May 1996 with a range of national, regional and local women's organizations, researchers and research organizations, community, social service and professional groups, other levels of government, and individuals interested in women's equality. Consultation participants indicated their support for the Fund to address both long-term emerging policy issues as well as urgent issues, and recommended that a small, non-governmental external committee would play a key role in identifying priorities, selecting research proposals for funding, and exercising quality control over the final research papers.

As an interim measure during the fiscal year 1996-1997, consultation participants agreed that short-term research projects addressing immediate needs should be undertaken while the external committee was being established to develop longer-term priorities. In this context, policy research on issues surrounding the Canada Health and Social Transfer (CHST) and access to justice were identified as priorities.

On June 21, 1996, a call for research proposals on the impact of the CHST on women was issued. The proposals were assessed by Status of Women Canada and external reviewers. The research projects selected for funding in this area focus on women receiving social assistance, economic security for families with children, women with disabilities, the availability and affordability of child care services, women and health care, and women's human rights.

The call for research proposals on access to justice was issued on July 18, 1996. Also assessed by Status of Women Canada and external reviewers, the selected policy research projects in this area include a study of abused immigrant women, lesbians, women and civil legal aid, family mediation, and the implications for victims of sexual harassment of the Supreme Court ruling in *Béliveau-St. Jacques*.

The objective of Status of Women Canada's Policy Research Fund is to enhance public debate on gender equality issues and contribute to the ability of individuals and organizations to participate more effectively in the policy development process. We believe that good policy is based on good policy research. We thank all the authors for their contribution to this objective.

A complete listing of the research projects funded by Status of Women Canada on issues surrounding the Canada Health and Social Transfer and access to justice is provided at the end of this report.

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ABSTRACT

The Canada Health and Social Transfer and the federal government's increasing withdrawal from a leadership role in social policy have severely weakened Canada's already fragile framework of family support. This is exacerbating the problems of child poverty and women's economic vulnerability which are both rooted in a societal undervaluing of parenting, an ambivalence toward the role of women, and the failure of the labour market and the social security system to ensure adequate incomes for families with children. Addressing child poverty and reducing gender inequalities require a social responsibility framework to replace the individual responsibility model and notions of "gender neutrality" so prevalent in government social security reform. The proposed National Child Benefit System and child-related provincial reforms have the potential to be first steps in a national child poverty strategy. Needed are a commitment to a broader set of social responsibility goals, a specific set of targets, and a recognition of the legitimacy and value of caring for children.

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EXECUTIVE SUMMARY

Canada's record of support to families with children has never been exemplary. Compared to other industrialized countries and to this country's proud accomplishments in health care and income support for seniors, Canada's showing in family income and other programs has been poor. The persistence of child and family poverty and the economic vulnerability of women with children are two disturbing consequences. The introduction of the Canada Health and Social Transfer (CHST) and the federal government's reluctance to play a leadership role have severely weakened an already fragile framework of family support. The absence of strong family support policies remains a barrier to the social and economic equality of women.

Both child poverty and women's economic vulnerability reflect the lack of public support for parenthood, the undervaluing of children and the ambivalence about women's roles. Both are also symptoms of a labour market which has failed to provide decent, secure jobs at decent wages, particularly for women, and a social security system which has failed to protect family incomes during hard economic times.

Compared to Western European countries with their low child poverty rates, even among female lone parents, Canada does not support women adequately as either mothers or workers. The trend in Canadian family law and social policy toward “gender neutrality” reflects an individual responsibility approach to the family which does not recognize society's shared responsibility for children. The individual responsibility model has acted as a major impediment to addressing child poverty and reducing gender equalities. This has had particularly serious consequences for women raising children alone.

A social responsibility framework is needed to articulate the responsibilities and obligations between parents and the state and between men and women, and establish that children have a claim on the state which is separate from that of their parents. A social security system whose aim is to address child and family poverty must therefore have the following goals:

- to express society's shared responsibility for children;
- to provide an adequate income floor for families with children;
- to reduce gender inequalities;
- to expand family time options for parents; and
- to ensure an adequate and consistent living standard for all children and families across Canada.

The CHST impedes action on child poverty because it has significantly reduced federal government transfers to the provinces; it has contributed to a weakening of the federal government's leadership role in social policy; and it gives greater control to the provinces to determine social policy priorities. The reactions of the provinces to the CHST have been

mixed. On the one hand, they are opposed to the reduction in federal transfers; on the other, they welcome the flexibility which the block funding approach has given them.

With the CHST and the new federalism as the backdrop, the federal government announced an additional \$850 million toward an enhanced child tax benefit as a major downpayment toward a national child poverty strategy. Its intention is to expand and redesign the current system of child benefits into the National Child Benefit System that would replace provincial social assistance paid in respect of children with a child benefit system for all low-income families regardless of their source of income. The primary goals of the program are to reduce child poverty and to promote attachment to the labour force. Although this was the first promising sign in several years, the much-awaited child benefit plan was a disappointment in that it did not make a solid commitment to a national strategy, and it took a very narrow and limited view of the goals of a national child benefit. The strategy also overestimates the capacity of the low wage labour market to address child poverty and exaggerates the work disincentive effect of social assistance.

On the positive side, the federal government's child benefit announcement signals the re-entry of the federal government onto the social policy stage; strengthens the federal government's role in income security; and creates a child benefit system which, if and when expanded, would be an important component of a national child poverty strategy.

At the same time, provinces are reforming their social assistance programs by tightening eligibility, strengthening welfare-to-work programs and, in some cases, reducing benefits. Several provinces have also introduced, or are about to introduce, child benefit programs.

The federal and provincial child benefit and related programs are important beginnings. However, they still fall short of creating strong family policies because:

- the *scale* of the child benefit is inadequate;
- there is no serious assessment of the capacity of labour markets;
- the value and legitimacy of caring for young children is not recognized;
- the importance of child care is not taken into account; and
- the need for a strong and distinctive federal government role is underestimated.

Recommended actions to address these shortcomings in governments' child poverty strategies include:

- allowing parents on social assistance to retain all or part of the enhanced child benefit;
- improving the child benefit so economically vulnerable women and other modest income families will see an improvement;
- making a commitment to reduce the rate of child poverty by 50% in the next five years;
- developing an action plan on child care;
- introducing a family leave or family care supplement as a support to families and an alternative to social assistance; and
- establishing targets and developing a plan for increasing the supply of good jobs at decent wages.

INTRODUCTION AND OVERVIEW

The absence of strong family support policies remains a major barrier to the social and economic equality of women with children in Canada. There has always been a disturbing duality to this country's social policy. In sharp contrast to our proud accomplishments in universal health care and income security for seniors, Canada has had a poor showing in the area of family policies. By international standards for family income and other programs, Canada is considered a social policy laggard (Olsen, 1994). As a result, women with children have been rendered extremely vulnerable economically and, as a direct consequence, socially. Canada's rate of child and family poverty is among the highest in the industrialized world (Ross et al., 1996).

The factors which have contributed to Canada's poor record in social security for families include:

- Ambivalence about the role of women in families and in the labour market.¹ Canadian public policy does not support women adequately as either mothers or workers. Gender inequalities in both the family and the workplace are thereby maintained and reinforced.
- A societal undervaluing of children and the role of caring for children. This has resulted in an "individual responsibility model of the family" (Eichler, 1997) and the privatization of parenting.
- A weak federal government role in family policies. Evidence includes the absence of a national child care plan and Canada's overreliance on provincial social assistance as a primary form of income support for a growing number of families with children, in particular female lone-parent families.

The importance of federal government leadership in building and maintaining a national social framework should not be underestimated. Western European countries whose central governments play a strong role in income support to families with children have much better records than Canada in terms of the dual goals of reducing child poverty and reducing overall inequalities among people.

In health care, the federal government's role has been critical as highlighted by Silver (1996):

With all its limitations, the success of medicare, our most egalitarian achievement, could not have been sustained without the federal role in operationalizing the program principles and linking an enforceable penalty to the [funding] ... *[T]he only "national" aspects of our health care system are those in which the federal government has asserted a substantive role [emphasis added] (p.68).*

Other experts concur in relation to the federal role in income security for seniors. According to Novick and Shillington (1996), the most powerful indicator of success has been "the virtual elimination of [provincial] social assistance as a primary source of income and social support for the elderly in Canada" (p.4). The federal government has never taken the same responsibility for the income security of families as it did for seniors. Granted it provides some level of child benefits for most Canadian families with children. However, benefit payments are low relative both to other countries and to the scale of the investment in the seniors' benefit system. Provincial social assistance has, as a result, constituted a primary form of income support for many families with children in Canada although it has long been recognized that welfare is an inappropriate and inadequate way of ensuring basic incomes to families.

Child and family poverty on the national agenda

In 1997, the issue of child poverty received unprecedented attention from both the media and the government. Federal Finance Minister, Paul Martin, called it "the great social policy challenge of the century" and promised that his government would lay the foundations for a long-term strategy to reduce child poverty in Canada. The fact that nearly 1.5 million children are growing up in low-income families, almost 40% with mothers raising their children alone, is reason enough to mount a concerted effort to address child and family poverty.

Despite their importance, statistics can obscure reality. Poverty is a condition shared by people who come from different starting points. Understanding and preventing the conditions which render people economically vulnerable is critical to any serious national strategy. This entails recognizing that child and family poverty is:

- a leading indicator of the hardship and difficulties faced by a majority of Canadian families²; and
- a symptom of the inexorable and universal link between women's economic vulnerability and the living standards of children.

The current interest in child poverty by the federal and provincial governments is both welcome and encouraging. However, Canadians should remember that child poverty was also a priority in 1994 during the federal government's social security review. The 1995 budget and the introduction of the Canada Health and Social Transfer (CHST) slowed down the social security reform process and shifted the momentum to the provinces.

In response to the federal government's 1994 discussion paper on security reform, the Child Poverty Action Group (CPAG) identified the following as critical to a national child poverty strategy:

- **The need to focus on both modest and low-income families.** Addressing child poverty requires a focus on modest income families (generally those with incomes between \$25,000 and \$45,000) to prevent them from falling into poverty in the first place, as well as on those families already living in poverty to improve their economic condition. An improved child benefit pegged at an amount that would protect the incomes of modest income families and substantially increase the incomes of low-income families was seen as a first step.
- **An expanded federal responsibility for income security for families.** The federal government should move toward assuming primary responsibility for the income security of families with children, as it does with senior citizens. The goal would be a much smaller role for provincial social assistance in meeting the income needs of families with children. Devolving more responsibility to the provinces through block funding was identified as a move away from this desired direction.

The CPAG saw the CHST as an abandonment of families with children to the provinces. Despite Canada's underdeveloped family policies, prior to the introduction of the CHST the potential had at least been there for an expanded federal role in income security for families. It is not clear how the federal government will be able to shape a national vision and maintain a national framework of support to families with children in the future.

Joint federal/provincial action on child poverty has given the federal government another chance to tackle family poverty and other areas of social policy reform. The February 1997 federal budget announced an enhancement of the child benefit system to reduce child poverty and promote attachment to the work force. This announcement was the first promising sign from the federal government since the introduction of the CHST.

Purposes of the report

1. To examine the relationship between child and family poverty and the economic vulnerability of women in Canada, in particular the linkages between the undervaluing of raising children and the ambivalence about women's dual roles.
2. To examine the impact of the CHST on the capacity and willingness of the federal and provincial governments to address child and family poverty.
3. To assess the proposed National Child Benefit System, including the re-investment strategy in terms of the impact on preventing and reducing child poverty, addressing the economic vulnerability of women, and creating family support policies which promote the social and economic equality of women.
4. To examine federal and provincial trends in social security reform, particularly social assistance and related programs.

5. To propose a social responsibility framework and make recommendations for policies which support families with children, address child and family poverty, and reduce gender inequalities.

Research methodology

Research methods included a review and analysis of articles, reports and government documents, questionnaires to provincial social services ministers and officials, and a review of provincial budgets and budget speeches. With the exception of information obtained directly from the provinces, the report relies on secondary sources for information and data.

The research process involved obtaining information directly from the provinces in the form of written surveys and telephone interviews. The CPAG developed two sets of questions: one set for provincial ministers of social services and the other for ministry officials in social service departments. The questions for social services ministers were mailed in December 1996 and the responses received in writing between January and April 1997. The questions for ministry officials were either carried out through a telephone interview or received as a written response. Copies of the questions are in Appendix A. The social services ministers and ministry officials were informed that the CPAG was conducting policy research on the economic security of families with children in a post-CHST world. Specifically, they were told that the research involves identifying provincial responses to the Canada Health and Social Transfer in areas related to income security and services to families with children, and assessing proposals for a national, integrated child benefit. All provinces and territories replied to both surveys.

PART I: A SOCIAL RESPONSIBILITY FRAMEWORK

The gendered dimensions of child and family poverty ³

Family insecurity, the economic vulnerability of women and child poverty are clustered at one end of the family well-being continuum. The external forces that are creating family insecurity are by and large the same ones responsible for the persistently high levels of child and family poverty: unemployment and precarious employment, low wages and a social security system that has failed to protect family incomes adequately during hard times.

"Issues of family and those of security intersect in public policy," McDaniel (1993) reminds us, "and the intersection is distinctly gendered" (p.167). It has long been recognized that the factors responsible for family poverty and insecurity are not gender neutral. The National Council of Welfare concluded in 1979 that "had poverty experts not ignored the fact that so many of the poor are women" (p.2), they would have understood that much of the poverty in Canada exists because one half of the population is brought up to take responsibility for childraising and the other half for raising a living.

Even when women *do* take responsibility for earning a living, they and their families remain economically vulnerable. *Women's Work, A Report* (Canadian Labour Congress, 1997) found that Canada has one of the highest incidences of low-paid employment for women and that 80% of women who are primary wage earners work in jobs in which they earn between \$24,000 and \$30,000 a year. Not surprisingly, lone-parent families headed by women run the greatest risk of poverty among all groups. The incidence of poverty has hovered around 56% to 57% since 1980, one of the highest rates in the industrialized world.

The economic vulnerability of women can also be explained by the fact that time spent outside the labour force looking after young children is a major contributor to labour market poverty among working families (Schellenberg and Ross, 1997). It is well documented that women continue to be at an economic disadvantage even after re-entry into the labour market (Gunderson and Muszynski, 1990; Kitchen et al., 1991).

Women's risk of poverty and their opportunities for economic security are interwoven with their status as care givers, their family responsibilities, and the contradictory demands of the labour market and family care (Kitchen et al., 1991; McDaniel, 1993). Economists have estimated that having a child reduces a woman's average lifetime earnings by two thirds (Hewitt and Leach, 1993). In fact, according to the same British studies, *the pay gap between women and men is largely a result of family responsibilities*. In Great Britain, the earnings of single childless women, on average, are over 95% of those of single, childless men; but married mothers earn, on average, only 60% of the pay of married fathers (Hewitt and Leach, 1993).

The situation is similar in Canada. The average earnings of single (unattached) women were 86% of those of single (unattached) men in 1995. Married women with children under 18, on the other hand, had average earnings which were less than 54% of those of married men (Statistics Canada, 1996c). This strongly supports the concern that many of the

individual rights which women have gained have been counterbalanced by the costs of motherhood, both in terms of direct costs and reduced earning ability. Men are also burdened by parenthood since adults with children and adults without children do not compete on a level playing field. Women and men with children are at a distinct disadvantage "in a highly individualistic and competitive world where all adults have to compete for jobs, wage increases, and the other components of a reasonable standard of living" (Hewitt and Leach, 1993: p.v).

Men do not, however, experience the burdens of parenthood as dramatically as women, who still face far greater economic and social stresses. Economically, this stress is most evident in the high incidence of poverty among lone-parent families headed by women. However, women in two-parent families bear a greater burden as well. Even though women in Canada have increased their labour force participation, this has not been accompanied by a compensating increase in men's contribution to child care and "household management" (Eichler, 1997; Folbre, 1994). Women in two-parent families are less likely than lone parents to be financially poor; however, they do suffer tremendous "time poverty." This time stress experienced by parents, especially women, has, of course, been exacerbated by falling wages and growing labour market insecurity. In families already stretched to their limits, women are increasing their hours in the labour force to protect their family's standard of living. The fact that market incomes, even among two-parent families, have been falling demonstrates that this "survival strategy" has had only limited success in keeping families from falling into poverty.

Child poverty and the economic vulnerability of women with children are linked in another way. They both reflect the lack of public support for parenthood and the undervaluing of children in our society. Finally, both are rooted in an ambivalence about women's roles, specifically about whether the "care ethic" or the "work ethic" should define the role of women in Canadian society.

Perspectives on women's equality and family policies

A country's family policies reflect the labour needs of that country; the political notion of equality promoted by the state; and public attitudes toward gender, motherhood and the role of women (Spakes, 1995). Two European approaches⁴ to family policies are generally recognized, based on different assumptions about the role of women and different national priorities.

Countries such as France and Belgium are called "family-oriented" because they support the institution of the family, value children and recognize that raising children is an important contribution which parents make to the rest of society (Lesemann and Nicol, 1994). Women with young children are not expected to be in the labour market and generous income programs ensure that even lone parents with young children do not raise their children in poverty. Lone parents with young children are generally not considered to be "employable." In France, for example, about 95% of three- to five-year olds are enrolled in state-funded preschool programs, available to parents irrespective of income (Baker, 1995a).

In other countries, such as Sweden and Norway, employment and access to employment are the basis of social policy, including family policies. One goal of family policy, indeed all social policy in Sweden, is the promotion of gender equity. Mothers of young children, including lone parents, are encouraged to enter the labour market (albeit often part-time). Support is provided through a combination of generous and responsive income support, child care and parental leave programs available to both men and women (Baker, 1995a; Lesemann and Nicol, 1994).

Not surprisingly, Sweden and France differ in women's equality. Sweden, with its explicit goals of full employment and equality for women, has achieved a higher level of equality between men and women than France. However, even Sweden still has a long way to go. Although the labour force participation rate of women is one of the highest in the world, 41% of women in Sweden work only part-time. As well, the labour market remains heavily gendered with more women in low wage jobs, and many more women than men taking family leaves (Baker, 1995b; Spakes, 1995).

Despite their differences, both these models have been very successful in preventing child and family poverty. In fact, most Western European countries perform much better than Canada in terms of the dual goals of reducing poverty and reducing overall inequalities among people: between men and women, between lone-parent and two-parent families, and between families with and without children (Phipps, 1993).

Supporting women as workers, mothers, or both?

The two approaches to family support described above are also the two routes to achieving economic independence for women with children: increasing access to adequately paid work and the services that make this possible, the most important being child care, or ensuring that women who stay at home with young children have adequate incomes (Evans, 1996).

Canada does not support women adequately as either workers or as mothers, as evidenced by the shortage of high quality, affordable child care and this country's high child and family poverty rate. Like the United States but unlike many European countries, Canada appears to be ambivalent about the role it expects women to play or, at least, the role the state is prepared to support. This ambivalence manifests itself in high poverty rates particularly among female lone parents, as well as:

- The conflicting messages given to parents, particularly to women, about working harder and longer (albeit for less pay), on the one hand, and, on the other, being expected to meet the developmental and other needs of their children which requires a major personal time investment. This contradictory message is exemplified by Ontario Premier Mike Harris' criticism of women for not being at home to prepare hot breakfasts for their children, while, at the same time, introducing policies which will require women to work for their welfare benefits when their youngest child is three (Orwen, 1996).

- The changing and increasingly punitive policies regarding the employment expectations of female lone parents on social assistance. In Alberta, for example, women on welfare are now expected to be in the labour market when their youngest child is 6 months old. Women on social assistance who take care of young children are viewed as “dependent” and the welfare problem as one of dependency (Evans, 1996).

Even feminists are ambivalent about whether it is better to provide government support to lone mothers while their children are young or to send them into the labour force. Reluctant to provide support for women's at-home position, feminists in the United States supported welfare reform which made work a condition of welfare for single mothers under Aid for Families with Dependent Children (AFDC). Evans (1996) has described this as "an alliance between those who believe employment and reliance on wages is on the whole strengthening to women and those who would use employment as a punishment for deviant women" (p.165).

While income from employment might be preferable, feminists should not view welfare receipt as merely a transition from “private to public patriarchy.” To argue that welfare mothers should perform paid work is to define work narrowly and to identify child raising as non-work (Evans, 1996).

Underlying this ambivalence is a disagreement about how best to achieve equality for women. Much of the feminist discussion has centred on the “sameness - difference” debate, from which the following three positions have emerged (Spakes, 1995).

1. Because men and women are no different, laws and policies should be gender blind or gender neutral. Men and women should have the same rights and responsibilities, with no differences.
2. Equality does not mean treating men and women the same because they are not identically situated. Equality requires the recognition and validation of women's reproductive and nurturing responsibilities.
3. The reproductive responsibilities of women and past discrimination have put women at a disadvantage. Therefore, differences must be taken into account and compensated for in order for women to compete on an equal footing with men in the labour market.

Individual responsibility masking as gender neutrality

In Canada, most family law and social policy at both the federal and provincial levels reflect the notion of gender neutrality or gender “blindness.” This approach does not take into account the differences in life experiences and caring responsibilities between men and women, nor does it recognize that policies are biased toward men's interests and occupational patterns. This can have very negative consequences for women and their children: certain household types that do not conform to societal norms may be stigmatized

and mothers of young children may be pushed into the labour force without adequate child care (Baker, 1995b).

Superficially, the position of gender neutrality may appear attractive because of its promise of strict procedural equality between men and women. Procedural equality, however, does not necessarily lead to material equality. The emergence of the “gender-neutral worker-citizen” in policies governing provincial social assistance means that women can no longer make claims on the state as mothers. Scott (1996a) contends that, in the absence of both child care and decent jobs, “equality of opportunity in this instance would seem to imply the opportunity to be equally poor” (p.79). According to some critics, the essential objective of this “neo-liberal concept” of gender neutrality is “the restriction and reduction of welfare activities which relate to the market and the family sphere” (Schunter-Kleemann, 1995: p.85).

Eichler (1997) condemns gender neutrality on similar grounds. While acknowledging that the recent move toward assuming equal economic and care responsibilities of wives and husbands, mothers and fathers stems directly from the assumption of gender equality, she assesses this as a dangerous trend because of the following paradoxical effect.

Since both parents are assumed capable of fulfilling the care and provider functions, it follows that either parent is capable of doing both, and from this the conclusion is drawn that one parent should be able to do both. In contrast, under the patriarchal model, only one parent was assumed to fulfil either the economic or the care function. *Under the individual responsibility model of the family, the ideological ground is therefore prepared for an erosion of public entitlements for substantial numbers of families, particularly lone-parent families, because of the lack of recognition that one parent needs extra support in the absence of the second parent. Such a redefinition of social responsibilities is, moreover, not gender neutral* [emphasis added] (p.13-14).

This approach has particularly serious implications for women who comprise about 85% of lone parents and consequently for their children. “The failure to recognize that one person cannot possibly care for dependent people on a full-time basis while earning money at the same time is,” according to Eichler, “the major problem with the individual responsibility model” (p.107). The implications for lone mothers on social assistance are obvious and will be explored more fully later in the preliminary assessment of the proposed National Child Benefit System.

Eichler (1997) concludes that we will never achieve gender equality as long as caring for children and other dependent family members continues to be seen strictly as a private matter. She argues that:

The failure to act on this issue is one of the reasons why we continue to have economic inequality between men and women, which in turn makes it seem reasonable that men will give priority to employment requirements over family work requirements, while women do the reverse, so one set of inequalities reinforces the other. The vicious circle can only be broken if we finally recognize that care for children ... is a socially useful service that requires public support (p.107).

Eichler concludes that a social responsibility model of the family is needed as an alternative to the patriarchal and individual responsibility models. The remaining two approaches to women's equality are roughly equivalent to the two European family support models described earlier. Both qualify as social responsibility models, although they differ in other ways.

Validating women's caring/nurturing responsibilities

Fraser (1994) has labelled this approach to promoting women's equality "caregiver parity." It is premised on the assumption that "women's lives will not and need not look exactly like men's" (p.84); many women will alternate between spells of employment (either full- or part-time) and spells of caregiving (again, either full- or part-time). This is the vision of most Western and European social democrats and feminists. According to this view, the goal of social welfare should be "to make difference costless," by eliminating the penalties faced by women who remove themselves from the labour market to assume caring responsibilities.

This approach should not be confused with "wages for housework," since it does not value all domestic work equally. Caring for dependants, such as children or elderly parents, is seen as qualitatively different from doing general domestic labour, such as housework, because it is socially useful and benefits everyone. Society has a public interest and, therefore, a social responsibility to support the care of children and, many would argue, elderly parents and disabled family members.

Reaching the goal of caregiver parity requires a caregiver allowance or parental wage, and programs which would allow women/parents to make transitions among different life stages, including paid maternity leave, retraining and job-search, and flex-time (Fraser, 1994).

Equal footing in the work force by compensating for differences

An extreme version of this is the universal breadwinner model which Fraser (1994) describes as the vision of most North American feminists. It calls for the breadwinner role to become universalized so women too can earn a family wage to support themselves and their families. For many feminists, being able to compete on an equal footing with men in the labour market is the only, or at least the primary, route to equality and independence. Women's roles as mothers and caregivers have, according to this view, circumscribed women's choices and futures.

To achieve the universal breadwinner goal, work-related services and reforms, such as child care, employment equity, pay equity and anti-harassment measures, are required. These have, of course, been the primary planks in the advocacy platforms of feminist groups in both Canada and the United States.

Meeting the dual challenges: supporting families and reducing gender inequalities

Although both of the last two approaches have the potential to prevent poverty, neither can offer everything that is needed to meet the dual challenges of supporting families and reducing gender inequalities. The universal breadwinner approach is better at achieving income equality between men and women and in preventing the marginalization of women. Caregiver parity could institute a “mommy track” in employment and reinforce “female domesticity” (Fraser, 1994). The fear is also that it could be subverted to redefine women as mothers above all else and, therefore, be used as a justification for driving women back into the home. On the other hand, caregiver parity is better at combating androcentrism (a male-centred view of the world) because it accords value to caring for children. Consequently, it is also better at supporting the role of parents and family life, an important consideration for women with children.

At the same time as some feminists are criticizing Sweden for not going far enough in achieving women's equality, the Swedish public is questioning whether encouraging women to accept the male model of employment is resulting in negative consequences for children. Concern is apparently being raised about whether children are being neglected because they spend too little time with their parents as a result of policies promoting full employment for men and women (Baker, 1995b). The Swedish public is raising issues that are echoed in other industrialized countries. In a report written for the British Commission on Social Justice, Hewitt and Leach (1993) argue that “enabling women to see as little of their children as men have traditionally done seems ... a poor aim for reformers” (p.24).

Folbre (1994) examines the suggestion that some of the conservative backlash against feminism in both North America and Europe has grown out of “the fear that it encourages women to be less altruistic and therefore endangers the process of social reproduction, which depends to a considerable extent on unselfish behaviour” (p.250). She concludes:

If you consider the history of paternal abandonment and male efforts to evade parental responsibility on both the individual and social levels, you can see why the prospect of women assuming male roles (and perhaps becoming more like men) is rather terrifying. This helps explain why feminists have often struggled to defend feminine values even while asserting masculine rights, why they have often refused to choose between “equality” and “difference” (p.252).

Promoting increased female participation in the labour market as *the one and only* route to women's equality can have a contradictory impact on the well-being of women and children. On the one hand, this strategy increases women's capabilities and choices and probably

contributes to economic efficiency. On the other, it may also contribute to a devaluing of parenting which has some negative consequences to the extent that it is a factor in the economic vulnerability of women with children (Folbre, 1994). At the same time, calls for the “revalorization of parenting” are viewed with suspicion and alarm by many feminists who promote access to full-time jobs as the primary route to equality for women. They worry that a policy which stresses women's role as mothers over their role as workers will jeopardize women's equality because “it celebrates the very aspects of women's lives that are at the root of their subordination” (Evans, 1996: p.164).

The dilemmas suggested by the above issues will not be solved by women emulating men's work patterns and uncritically attempting to compete in the male model of the workplace. Nor, however, will they be solved by having women withdraw from the labour market to play the traditional role which most women and families neither want nor can afford. While the issue of individual choice for women is an important one, there must be a focus on public policy and, in particular, public policy based on the notion of social responsibility. Otherwise, only a small minority of economically advantaged women will be able to choose from among the multiple roles for women.

Finally, the concern with the erosion of family life and the well-being of children is legitimate and compelling. However, *responsibility for dealing with these problems must be assigned equally to men and women and to society as a whole*. As Novick and Shillington (1996) argue:

Clearly, parents bear a major personal responsibility for the quality of care and guidance of their children. Equally clear, however, is that as a society we bear a common responsibility for the quality of the social environments in which parents must meet their responsibilities. Many are quick to lecture parents on failures of personal responsibility. We have been less prepared to assess ourselves in how we have discharged our common responsibilities (p.39).

There does not have to be a trade-off between family policies and gender equality. The dual goals of supporting families and reducing gender inequalities are achievable through the adoption of a social responsibility⁵ framework based on the following principles.

- **Responsibility for children should be shared between parents and the state.** Society has a responsibility to make a contribution to both the direct (i.e., clothing, feeding and housing) and indirect costs (i.e., reduced parental earning ability) of raising children. If children are thought of as a public good, it is understood that the decisions parents make about child rearing and the resources they have to devote to the job, have social and economic consequences for everyone (Folbre, 1994; Novick and Shillington, 1996).

- **Responsibility for children should be shared between men and women so both** parents can combine work and family responsibilities over the parenting life cycle. Parents should not have to choose between earning an adequate living and spending adequate time with their children. Public policy could contribute to the assumption of greater responsibility for men by providing better remuneration of family work in social security (Schunter-Kleemann, 1995). Workplace rules should also encourage men and women to combine family work and market work (Folbre, 1994).⁶
- **Children must be seen as having a distinct claim on the state's resources.** Even though the well-being of children is generally inseparable from that of their caregivers (and particularly that of their mothers), children must have a claim on a society's resources in their own right. In fact, gender equality will likely not be achieved unless children are seen as having a claim on the state which is separate and distinct from that of their mothers (and fathers) (Kitchen, 1995). One implication of this is that the state has an obligation to support children irrespective of whether their parents are in the work force. Recognizing children's claims on the state does not remove, nor should it compete with, the need for parental employment and other supports to families. The public policy spotlight must be on both children and their parents, but as distinct claimants⁷.

Promoting social security through social responsibility

Only policies which reflect the principles of social responsibility can simultaneously support families, reduce gender inequalities and address child poverty. The following are proposed as the social responsibility criteria against which a national child poverty strategy, including the national child benefit, should be judged.

Goal 1: To express society's shared responsibility for children.

- Does it *explicitly* express the principle that society should contribute to the costs of raising children?
- Does it contribute to the extra costs of raising children? For whom? Under what circumstances?
- Does it recognize the important contribution parents make in raising the next generation?
- Does it contribute to horizontal equity⁸ between adults with and without children to reflect the extra costs incurred by families with children?

Goal 2: To provide an adequate income floor for families with children.

- Does it prevent child and family poverty (by extending benefits to modest and median income families)?

- Is the amount of the benefit related to the actual cost of raising children?
- Does it reduce the number of children and families in poverty?
- Does it reduce the *rate* of poverty for families with children, rather than only the *depth*?
- Are benefit rates adequate, irrespective of the employment status of the parents?
- Does it contribute to vertical redistribution and the reduction of income disparities?
- Does it contribute to regional equity and redistribution?

<i>Goal 3: To reduce gender inequalities.</i>

- Does it address the economic vulnerability of women?
- Does it support women as mothers?
 - Does it recognize the value and legitimacy of caring for young children?
 - Does it reduce the marginalization of women caring for children?
 - Does it provide an adequate and non-stigmatizing income floor for female lone parents not in the labour force (as an alternative to social assistance)?
- Does it support women as workers?
 - Does it ensure that child care and other supports necessary to obtain employment are provided?
- Does it support women's choices about the appropriate and desirable mix of economic activity and child rearing?
- Does it contribute to the more equal sharing of both paid work and parenting responsibilities between men and women?
- Does it reduce the “time poverty” of women in both lone-parent and two-parent families?

<i>Goal 4: To expand family time options for parents.⁹</i>

- Does it extend the opportunity for parents to withdraw temporarily from the labour market to care full-time for a child?
- Does it make part-time work financially viable for either parent during the child's early years?

- Does it allow parents to spend more time with their children?
- Does it help parents balance the competing demands of work and family life?
- Does it reduce the time crunch experienced by families?

Goal 5: To ensure an adequate and consistent living standard for all children and families across Canada.

- Is there recognition of the *common* needs and requirements of women, families and children across Canada?
- Is there a national framework of support to families with children?
- Does this framework ensure that children and families in all parts of Canada have equal access to basic income security and essential public services such as health care and child care/child development?
- Is there a mechanism for enforcing adherence to national principles and standards for income security and essential public services for families with children in all parts of Canada?
- Is this mechanism transparent, accountable and democratic?
- Does the federal government play a distinctive role in developing and maintaining the national framework of support to families with children?

PART II: THE CAUSES OF POVERTY AND VULNERABILITY IN CANADA

Child poverty redefined as family failure and parental irresponsibility

Everyone agrees that children are poor because their parents are poor. However, there are very different perspectives on why parents, lone mothers in particular, are poor. Family failure and/or parental irresponsibility are becoming increasingly popular explanations among right-wing think-tanks and journalists for rising child and family poverty. Christopher Sarlo, of the Fraser Institute in Vancouver, is one of the most vocal proponents of this view. He writes: "If we want children to get a good start in life, what we need more than anything else is responsible parents" (Sarlo, 1997).

The Globe and Mail (November 30, 1996: p.D8) has taken a similar position editorially. Arguing that to help children in poverty, we must go to the root of the problem, William Thorsell, the newspaper's editor, bemoaned that:

There is almost no frank discussion about the behavioural roots of poverty and very little talk about strategies to address behavioural dysfunction among the poor ... We feel guilty about exploring the behavioural roots of poverty because it implies that poverty is the responsibility of the poor themselves ... *We are coincidentally stuck with a terribly inconvenient correlation between higher payments to the poor and higher numbers of the poor on welfare*" [emphasis added] (p.D8).

The Globe and Mail and the Fraser Institute, among others, are contributing to a philosophical shift in the premises underlying the provision of social programs. Child and family poverty is being redefined as a personal problem arising out of immoral or irresponsible behaviour, rather than out of external social and economic factors. Recent federal and provincial public policy appears to assume that Canadians who rely on income support programs, such as social assistance or employment insurance, suffer from some deficiency, whether it be laziness, passivity or the newest pathology known as "dependence."

A recent public opinion poll found that Canadians' views about what causes child poverty were related to the degree of economic security or insecurity of those polled. Economically insecure Canadians¹⁰ tended to see child poverty as caused by mainly external factors outside of the control of individuals and families. These factors include globalization, technological change and bad luck. Economically secure Canadians, on the other hand, were more likely to see child poverty caused by internal factors largely within the control of parents, such as lack of self-discipline, poor judgment or selfishness on the part of parents, or poor parenting skills. Older males, in particular, were generally less sympathetic to the issue of child and family poverty and questioned whether it should be a national priority. To support their arguments, they raised issues of parental deficiencies and the appropriateness of using relative rather than absolute measures of poverty (Ekos Research Associates, 1997).

Conservative groups, such as the Fraser Institute, have been arguing that the unofficial Statistics Canada poverty line, the low income cut off (LICO), is too high and that it does not reflect real poverty. This argument is based on the view that absolute deprivation, such as that experienced in developing countries, is the only real meaning of poverty. Morbidity and mortality rates would be appropriate measures. This narrow view ignores much of what the health promotion and other literature tells us about health status and well-being. While the absolute standard of living relates purely to material conditions in which people live, the relative standard, by contrast, is a social measure: it involves a conception of where you are in relation to others.¹¹ The degree of income inequality in a country may, therefore, be as important as the rate of poverty in its impact on the social and physical health of citizens. Describing poverty as a “profound source of humiliation” for people in Canada, Marvyn Novick observed:

Poverty in [Canadian cities] does not mean that people are getting sick and dying in the streets. It means that [they] are living under incredible stress. It means not being able to provide a standard of living equal to their peers. It means running out of money at the end of the month; not being able to buy a book for a child or pay for a fee in school" (Monsebraaten, *The Toronto Star*, August 2, 1997: p.A1).

Different views about what causes poverty are significant because our solutions to the problem of poverty reflect our assumptions and beliefs about its causes. If child and family poverty is viewed as “family failure” the focus will be on policies to make it more difficult for parents to divorce. If it is viewed as a personal or parental problem, the public policy focus will be on strategies to change the behaviour of parents. This invariably involves giving advice to poor parents on parenting skills or financial management, rather than policies that would improve the material circumstances of families. This is reminiscent of the 19th century reformers' emphasis on giving advice to the poor on mothering skills and on thrift and cleanliness.

The Ekos Research Associates survey (1997) found that the economically secure group supported improvements to *services* to poor families with children over *income support*. The insecure tended to favour a more balanced approach which combined increased income benefits with better services. The issue for those opposing income support is that parents may spend the money irresponsibly and a better child poverty strategy might be to provide support to children directly, for example, via school breakfast programs. Finance Minister Paul Martin, addressed the concern that families on low incomes should not be trusted to spend child benefits on their children, when he stated:

I think that is a built-in elitism. It is an arrogance which sort of says that if you make \$50,000 a year you have a higher sense of values than a poor person. And I just don't think it's true (Kennedy, 1997a).

It is generally recognized that a mix of services and income is needed to support families and to enhance the well-being of children (Havemann and Wolfe, 1995; Novick and Shillington, 1996; Steinhauer, 1996). Some groups, generally the same ones arguing for an “absolute” measure of poverty, are attempting to discredit income solutions by arguing that parents cannot be trusted to spend the money on their children and/or that the level of investment needed to make a real dent in the poverty problem is so substantial that a better use of scarce public resources would be to offer services to lessen the negative effect on children of growing up in poverty.¹² The first argument has no basis in fact and is, as Finance Minister Martin observed, elitist. The second argument does not reflect recent research findings on the social dynamics of income disparity in determining the well-being of children and parents (Novick and Shillington, 1996).

One danger with the promotion of service solutions to the exclusion of income support is that children's needs might be addressed largely outside of the context of their families. For example, school nutrition programs do nothing to address the income deficiencies of the parents, nor to alleviate the hunger of the mothers and younger siblings at home. This is not an argument against school nutrition programs. Rather, it is a caution that services and interventions directed at children cannot and should not substitute for adequate parental incomes.

The shift from public accountability to private troubles has particularly serious implications for women. First, such a philosophical shift nearly always leads to social spending cuts and the further privatization of parenting. There is ample evidence that women bear the brunt of the suffering when public programs are dismantled and responsibility for children is seen solely as a family affair (Lightman and Baines, 1996; Kitchen, 1997a). Second, women are more likely to be blamed for social problems involving children and families, both because women still have primary responsibility for children and because of the growth in female lone-parent families. The feminization of social problems is not a new phenomenon (McDaniel, 1993). The barely disguised attack on lone mothers being pursued in the name of welfare reform is a contemporary example.

This perspective, while not representing the views of the majority of Canadians, is influential because it offers a convenient rationale for the kinds of cuts being made in the name of deficit reduction and is a handy scapegoat for rising social assistance costs. It appears to have both fiscal and ideological roots and forms the backdrop to much of the social security reform that has been proposed or undertaken in the last few years, particularly social assistance reform.

Family failure is usually narrowly defined to mean family breakdown, divorce or parental irresponsibility. We would go a step further and argue that family failure must also be understood as the failure of both the labour market and social security systems to support families adequately.

The magnitude of the problem

Before examining how the labour market and social security systems have contributed to child and family poverty, it is important to understand the statistical magnitude of the problem.

The number of children living in poverty has hovered at or above the one million mark for most of the 1980s. It slipped below one million only once, in 1989, but has been increasing almost steadily since then (Battle and Muszynski, 1995). In 1995, there were about 1,472,000 children, or 21% of all children, in low-income families (Statistics Canada, 1996a). This is an increase of 538,000 children, or 58%, since 1989, the year the House of Commons stated its commitment to eliminate child poverty by the year 2000.

Most children in poor families (53%) live with both parents, reflecting the fact that most children in Canada live with two parents. However, a large number of poor children live in families headed by a lone mother. In 1995, 38.9% of all poor children lived in such families, up from 31.2% in 1980 (Statistics Canada, 1996a). Almost two thirds of the increase (from 1980 to 1993) in the number of children in poverty was accounted for by children in families headed by a lone mother (Hatfield, 1997).

In 1995, the poverty rate for children in female lone-parent families was a shocking 61.9%, almost five times that of children in two-parent families (14.1%). For Canadians under 65, gender and family type (whether lone-parent, two-parent, or unattached individual) appear to have become the two most important determinants of the risk of poverty, followed closely by age, with the biggest risk for unattached individuals and parents under 25 (Statistics Canada, 1996a).

Poor families with children have incomes considerably below the average. The average income in 1995 for poor two-parent families was \$20,020, only 32% of the \$62,082 average income for all couples with children. Poor female lone-parent families had an average income of \$14,612 in 1995 (Caledon Institute, 1996b). About 42% of female lone-parent families relied on social assistance in 1994, compared with about 8% of two-parent families with children (CCSD, forthcoming 1998).

Table 1 reveals the variation in child poverty rates across the country from a high of 26.2% in Newfoundland to 14.2% in Prince Edward Island. The poverty rate for children in two-parent families ranges from a high of 20.1% (Newfoundland) to 8.8% (Prince Edward Island), while the rates for children in female lone-parent families range from 77.5% (Newfoundland) to 56.4% (British Columbia).

Table 2 presents the incidence (risk) of poverty for both two-parent and lone-parent families for 1980 and 1995 in Canada. Not surprisingly, the highest incidence of poverty, 56.8%, is experienced by female lone-parent families. However, their risk of poverty has remained virtually unchanged over the last 15 years. This is because female lone parents have had a lower labour force participation rate than other family types and have, therefore, not been as directly affected as other groups by the restructuring of the labour market. The

employment figure for lone mothers has dropped since 1981 from 54% to 52% at the same time as the number of employed women in two-parent families has increased from 49% to 65% (Scott, 1996a).

TABLE 1: CHILDREN UNDER 18 LIVING IN POVERTY, 1995

	All Family Types		Two-Parent Families		Female Lone Parents	
	Number of Children	Poverty Rate (%)	Number of Children	Poverty Rate (%)	Number of Children	Poverty Rate (%)
Newfoundland	36,000	26.2	24,000	20.1	11,000	77.5
Prince Edward Island	5,000	14.2	3,000	8.8	2,000	58.5
Nova Scotia	47,000	21.5	20,000	11.5	25,000	73.6
New Brunswick	43,000	24.4	22,000	15.4	18,000	74.8
Quebec	378,000	22.6	226,000	16.5	132,000	55.7
Ontario	506,000	19.1	267,000	12.0	210,000	62.1
Manitoba	63,000	23.2	37,000	16.4	21,000	66.2
Saskatchewan	58,000	21.8	33,000	14.9	21,000	65.0
Alberta	156,000	21.7	83,000	13.9	66,000	71.6
British Columbia	181,000	20.8	106,000	14.9	66,000	56.4
Canada	1,472,000	21.0	822,000	14.1	573,000	61.9

Source: Prepared by CPAG, using Statistics Canada data.

TABLE 2: INCIDENCE OF LOW INCOME AMONG FAMILIES WITH CHILDREN 1980 AND 1995, BY FAMILY TYPE

Families with Children	1980	1995	CHANGE
Two-parent families			
- Total	9.7	12.8	32.0%
- One earner	16.6	27.4	65.1%
- Two earner	5.8	7.3	25.9%
Lone-parent families			
- Total	52.9	53.0	0.2%
- Male lone parent	25.4	30.7	20.9%
- Female lone parent	57.3	56.8	(0.9)%

Source: Prepared by CPAG, using Statistics Canada data.

The most dramatic increase in the risk of poverty occurred among two-parent families with only one earner. In 1980, 16.6% of these families lived in poverty; by 1995, this had risen to 27.4%, a 65% increase in the risk of poverty. It is clear that, increasingly, both parents have to work to keep themselves and their children out of poverty. Although the incidence of poverty was only 7.3% for two-parent families with two earners in 1995, even this group experienced an increase in the risk of poverty, again reflecting the failure of the labour market

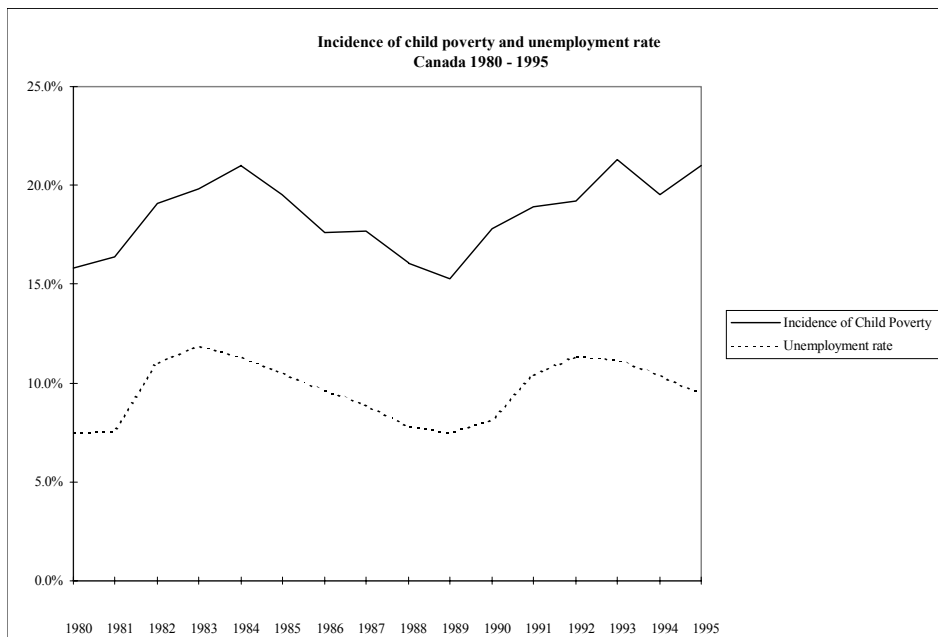
to provide decent wages. Child and family poverty in the 1990s has become a leading indicator of the insecurity and hardship experienced by a majority of Canadian families (Novick and Shillington, 1996).

Labour market factors

The same week that *The Globe and Mail* carried the previously mentioned op-ed piece on the behavioural roots of child poverty, a *Toronto Star* editorial reproduced a chart showing that the relationship between the child poverty rate and the unemployment rate is direct, thereby offering a different perspective on the cause of child poverty. In one of three editorials following the release of Campaign 2000's discussion paper, *Crossroads for Canada* (Novick and Shillington, 1996), *The Toronto Star* observed that the reason for the large increase in child poverty was simple, namely: “When the economy fails people, it also fails their children, a fact that is vividly illustrated in this chart. It suggests rising unemployment alone accounts for half of the over-all increase in child poverty since 1989” (*The Toronto Star*, November 25, 1996: p.A21).

Figure 1 shows that, between 1980 and 1994, the child poverty rate rose and fell with the unemployment rate. This correlation did not, however, hold for the period between 1994 and 1995 since the poverty rate rose while the jobless rate fell. The growth of part-time jobs and the net loss of full-time jobs account for this development. Only 99,000 new jobs were created in 1995, all of them part-time (Caledon Institute, 1996b).

FIGURE 1: INCIDENCE OF CHILD POVERTY AND UNEMPLOYMENT RATE, 1980-1995



Source: Prepared by CPAG, using Statistics Canada data.

According to the 1996 Ekos survey, 44% of Canadians fear losing their jobs, 81% worry that Canada is becoming a society of haves and have-nots, and a majority believe that the economy will improve over the next decade, but that there will be even greater levels of inequality (Novick and Shillington, 1996). These fears are well-founded, as evidenced by the high levels of unemployment, declining market incomes and the polarization of the labour market into “good” jobs that can support a family and “bad” jobs that cannot (Lochhead and Shalla, 1996; Novick and Shillington, 1996).

Canada’s labour market has experienced growth in both non-standard jobs (i.e., low paying, insecure, with little or no benefits) and well-paying jobs. Middle wage employment has been shrinking and temporary, low paying jobs are replacing many of the secure well paying jobs on which families used to be able to rely. Part-time, temporary or contract jobs without pensions, benefits or security now account for about 30% of employment.

Besides the risk of poverty, other indicators that the labour market has been failing families with children are the growth in social assistance caseloads and the increase in the number of working poor families. From 1985 to 1995, the number of people on social assistance grew by 60%, with one in 12 Canadians receiving welfare in 1995, up from one in 20 a decade earlier (Social Planning Council of Metropolitan Toronto, 1995). About one million children, over 40% of all beneficiaries, live in social assistance families, more than half of them in female lone-parent families. The bulk of the increase in social assistance caseloads, however, is not primarily due to lone mothers but those groups who traditionally have used welfare very little, such as single people considered “employable” and couples with children. In 1994, there were as many women with children on social assistance in two-parent families as in lone-parent families reflecting the hardship being experienced by many Canadian families as a result of labour market failure (CCSD, forthcoming 1998).

Paid employment does not necessarily protect families from poverty. In 1995, more than half of low-income families, 52.7%, were in the labour force but remained poor. Nearly 13% of Canadians working full-time, full-year earned less than \$15,000. For women, the situation was even more discouraging: almost 17% of women working full-time, full-year earned less than \$15,000 (Statistics Canada, 1996b). Approximately 58% of poor children live in families where a parent has been in the labour market during the year (Novick and Shillington, 1996).

The Canadian Council on Social Development (CCSD) has identified three reasons for labour market poverty: low wages, unemployment and periods of time spent outside the labour market. They conclude that these factors reveal a different picture for men than for women. For men, labour market poverty results primarily from problems while already in the labour market such as low wages and periods of unemployment. Women, on the other hand, are far more likely to experience difficulties in gaining access to the labour market in the first place, primarily because of their responsibilities for children and domestic labour (Schellenberg and Ross, 1997).

However, low pay and unemployment were also significant factors in the market poverty of women. As Table 3 shows, at 23.7%, Canada had the second highest incidence (next to the

United States) of low paid full-time employment among all Organization for Economic Co-operation and Development (OECD) countries. For men, the rate was 16.1%; for women, 34.3% (Canadian Labour Congress, 1997).

The erosion of the value of the minimum wage due to inflation, the destruction of public sector jobs and the weakening of unions all contribute to the failure of the labour market. Public sector jobs, historically a significant source of good jobs for many families, and women in particular, are being lost at both federal and provincial levels. Lower paid public servants, those most vulnerable to poverty in the event of job loss, have been hardest hit by federal government dismissals (Treasury Board of Canada Secretariat, 1996).

TABLE 3: INCIDENCE OF LOW PAID EMPLOYMENT IN OECD COUNTRIES

Country (year)	Total	Men	Women
Australia (1995)	13.8	11.8	17.7
Austria (1993)	13.2	7.0	22.8
Belgium (1994)	7.2	3.9	14.2
CANADA (1994)	23.7	16.1	34.3
Finland (1994)	5.9	3.3	8.7
France (1994)	13.3	10.6	17.4
Germany (1994)	13.3	7.6	25.4
Italy (1993)	12.5	9.3	18.5
Japan (1994)	15.7	5.9	37.2
Netherlands (1994)	11.9	N/A	N/A
New Zealand (1994/95)	16.9	14.4	20.7
Sweden N/A	5.2	3.0	8.4
Switzerland (1995)	13.0	6.8	30.4
United Kingdom (1995)	19.6	12.8	31.2
United States (1994)	25.0	19.6	32.5

Source: Prepared by the Canadian Labour Congress (1997) using OECD data.

As Table 4 shows, minimum wages are low in Canada, well below the poverty line in all Canadian provinces. For lone-parent families, annual minimum incomes ranged from a low of 55% (of the low income cut off) in Newfoundland and Prince Edward Island to 80% in British Columbia. For two-parent families, the annual minimum wage income ranged from 36% of the poverty line in Newfoundland to 53% in British Columbia (see Appendix B, Table B1).

Furthermore, minimum wages across the provinces have eroded considerably over the last two decades, an average of 26% from 1976 to 1995. According to a report by the Canadian Council on Social Development, the value of the minimum wage declined by as much as 34% in Alberta to as little as 6% in Ontario (Schellenberg and Ross, 1997), (see Appendix B, Table B2).

TABLE 4: MINIMUM HOURLY WAGE RATES FOR ADULTS BY PROVINCE, JANUARY 1997

Province	Minimum Hourly Wage	Effective Date
Newfoundland	\$5.25	April 1997
Prince Edward Island	\$5.40	September 1997
Nova Scotia	\$5.50	February 1997
New Brunswick	\$5.50	July 1996
Quebec	\$6.70	October 1996
Ontario	\$6.85	January 1995
Manitoba	\$5.40	January 1996
Saskatchewan	\$5.60	December 1996
Alberta	\$5.00	April 1992
British Columbia	\$7.00	October 1995

Source: Prepared by CPAG using Human Resources Development Canada data.

Schellenberg and Ross (1997) also found that:

- The reasons for labour market poverty varied across Canadian regions. Families in the Atlantic region were most likely to be poor because they were unable to find work. On the other hand, families on the Prairies were more likely to be poor even when they had full employment, suggesting that low wages are the cause of poverty.
- Canadian provinces vary in the depth of poverty experienced by families as well as in the reasons for poverty. When the rate of poverty is combined with the depth, one finds that the growth in the severity of poverty was greatest in Ontario between 1984 and 1994. Conversely, New Brunswick experienced a decrease in the severity of poverty during the same decade, even though the poverty rate remained high (see Appendix B, Table B3).

Social security system fails to protect family incomes

Canadian families with children have been squeezed between the decline in good jobs and cuts to social programs. With a precarious labour market and declining market incomes, social security programs have become even more important as a way of protecting family incomes. For many families, government transfer payments are a small, but welcome supplement to their market incomes; for others they are a necessary source of income. For two-parent families with children, social security programs play a significant role in reducing and preventing poverty. From 1980 to 1994, 11% of two-parent families had low incomes; without transfer payments, the proportion in poverty would have been 17%. In other words, transfer payments cut by one third the number of two-parent families on low incomes (Crompton, 1996).

For lone-parent families (85% of whom are headed by women), the impact is considerably less dramatic, reflecting the fact that many lone-parent families derive their incomes from social assistance benefits which are, in all provinces, considerably below the poverty line. Transfer payments cut the number of lone-parent families in poverty by one tenth and reduced the rate from 62% to 54% (Crompton, 1996).

At a time when the economic risks for Canadian families are growing, the social security system is becoming more limited in its ability to protect families from risk and hardship. Evidence for this includes:

- **Diminishing eligibility for unemployment insurance.** The downsizing of the Unemployment Insurance (UI) program (now called Employment Insurance), through a reduction of benefits and tighter eligibility rules, has resulted in fewer unemployed workers benefiting from the protections UI used to provide. From 1989 to 1994, the proportion of unemployed parents without UI protection grew from 28% to 41%. This means that an additional 350,000 more family providers were left without replacement incomes (Novick and Shillington, 1996). Average weekly UI benefits declined from \$265.40 in 1993 to \$259.52 in 1995 (Caledon Institute, 1996b).
- **Erosion of the value of child benefits.** In a series of changes beginning with the federal Tories, child benefits have become more targeted, with only 85% of families with children eligible for benefits, rather than 100%. They have also declined in value by \$800 million per year since 1984, as a result of benefit cuts and inflation (CCSD, 1997b). The Working Income Supplement, introduced in 1993, provided a very modest increase in benefits for working poor families but no increase for families having to rely on social assistance. (A more complete analysis of changes to the child benefit will be presented in Part IV.)

Canada: the family policy laggard

As noted previously, Canada lags behind other countries in family policy and the provision of social and income programs, such as child care, child benefits and parental leaves. The factors contributing to differences between Canadian and Western European family policy are examined below and summarized in Table 5.

TABLE 5: DIFFERENCES IN CANADIAN AND WESTERN EUROPEAN FAMILY POLICIES

	Canada	Western Europe
Value assigned to children and the role of parents	<ul style="list-style-type: none"> • children considered “life style choices” or “private commodities” to be pursued with private means • family presumed to be essentially private and self-sufficient • government role/community support only when children are “at risk” or families “in need” • parenting role is undervalued because children are undervalued 	<ul style="list-style-type: none"> • children considered collective responsibility or “public goods” which contribute to the well-being of the whole society • important contribution parents make to the larger society is recognized • state commitment to contribute to the cost of raising children
Ideas about who should benefit from social programs	<ul style="list-style-type: none"> • “public charity” model results in growing unwillingness to contribute to “undeserving” welfare poor • pits modest income families against poor families; threatens social cohesion • privatization of child rearing and targeting basic benefits primarily to the poor • median income families excluded from significant benefits 	<ul style="list-style-type: none"> • willingness of people to contribute public revenue for the common good of <i>all</i> families • not only those with the lowest incomes benefit from social programs • policies provide significant benefits to all or most families reflecting sense of collective responsibility • universality and higher family allowances
Ways of supporting families/women	<ul style="list-style-type: none"> • reducing/preventing poverty are explicit goals of public policy yet unsuccessful at preventing poverty • women not supported adequately as mothers or workers • mothers of young children expected to be in the labour market yet very little support is provided (income support, child care, parental leave programs) • gender neutral individual responsibility model 	<ul style="list-style-type: none"> • reduction/prevention of poverty among families with children are by-products of family support policies and programs • two different approaches: family-oriented or employment-oriented • both approaches extremely successful at preventing poverty, even among lone parents • social responsibility model to support family ethic and/or care ethic for women
Different outcomes	<ul style="list-style-type: none"> • social assistance primary form of income support for many families with children • high poverty rates for children, particularly in female lone-parent families • large income gaps and inequalities 	<ul style="list-style-type: none"> • social assistance truly residual • low poverty rates even for female lone-parent families • smaller income disparities generally

- **Different values assigned to children and the role of parents.** In countries such as Canada, the parenting role is undervalued because children are undervalued. In Canada,

children are considered to be “life style choices” or “private commodities” to be pursued with private means, rather than a collective responsibility or “public goods” which contribute to the well-being of the whole society (Folbre, 1994; Novick and Shillington, 1996). In Canada, as in other Anglo countries including the United States, raising children is considered to be largely a private, rather than collective, responsibility. The important contribution parents make to the larger society is not recognized, and there is no state commitment to contribute to the cost of raising children. The family is presumed to be essentially private and self-sufficient. Government social security programs and community support, therefore, tend to focus on “at risk” children and “needy” families, rather than support to all children and families. A significant difference exists between Canada and most European countries because “the Canadian attitude has increasingly been that children are the private responsibility of their parents, requiring state [income] support only in the case of serious deprivation” (Phipps, 1996: p.95).

- **Different ideas about who should benefit from social programs.** According to international evidence, "the most reliable predictor in levels of child benefit packages is the willingness (not necessarily the capacity) of people to contribute public revenue for the common good of *all* families" (Novick and Shillington, 1996: p.15). The Europeans understand, both from a family support and a social cohesion point of view, the importance of ensuring that not only those with the lowest incomes benefit from social programs. Phipps (1996) has found that countries which spend more on programs in support of families often have to spend less on social assistance for poor families. As well, countries which invest in family support programs have managed to narrow the social and economic disparities so evident in countries like Canada and the United States.

Far from benefiting only the poor, social security programs “protect working families from falling into hardship during periods of transition and risk, recognize the additional costs of raising children, facilitate home ownership, can enhance family time options around work and parental care, enable working families to save for future requirements of their children and reduce the polarization in living standards among children" (Novick and Shillington, 1996: p.13). A “public charity” model which targets benefits primarily to the poor usually excludes modest and middle income families. This has the potential to pit modest income families, struggling to survive on incomes of \$30,000 or \$40,000 a year, against poor families, a situation thereby threatening social cohesion and harmony in this country (Campaign 2000, 1994; Novick and Shillington, 1996).

In most European countries, family support policies provide significant benefits *to all or most* families with children reflecting the sense of collective responsibility to contribute to the costs of raising children. Privatization of child rearing and targeting basic benefits primarily to the poor are rejected as strategies. The countries with the lowest child poverty rates have retained universality and continue to pay higher family allowances than Canada ever did, even before we abolished the universal family allowance in 1993 (Baker, 1995a).

According to Phipps (1996), the European system of generous universal child benefits has three advantages over the considerably less generous, targeted Canadian approach.

- Administratively simple because no calculations are required to establish eligibility.
- More effective in alleviating poverty. It has been shown that the higher the average level of child benefits, the greater the success in preventing poverty among families with children.
- Provides better economic security for families and serves to prevent child and family poverty. Generous child benefits paid to all families with children “provide an excellent means of helping families cope with sudden reductions in income through, for example, the loss of a job” (p.100).

Unlike Canada, European countries have increased or maintained child benefit levels to protect family incomes during economic hard times. As mentioned earlier, Canadian working poor families have seen a nominal increase in child benefits through the introduction of the Working Income Supplement. However, median and modest income families, those most vulnerable to poverty in the event of job loss, have seen a decline in the value of child benefits since 1984. As a result, Canada provides the least generous benefits to median income families among major industrialized countries, even though it is the second wealthiest country. This means that the Canadian child benefit system does little to protect family incomes and thus prevent child and family poverty. Table 6 shows that, in Canada, the annual value of the basic child benefit in 1994 for a median income family with two children was \$936, compared with \$3,920 in Austria and \$2,650 in the Netherlands, both of which have lower levels of wealth.

Even though targeting and social spending cuts are also on the political agendas of some European governments, not all are cutting back on policies designed to support families. Ditch (1996) has concluded that some countries have been more successful than others in protecting families from economic hardship through different social and fiscal policy choices.

TABLE 6: COMPARATIVE FAMILY SUPPORT AND COMPARATIVE NATIONAL WEALTH: ANNUAL VALUE OF BASIC CHILD BENEFIT FOR A MEDIAN INCOME FAMILY WITH TWO CHILDREN AGE 7 AND 11, 1994; AND REAL GDP PER CAPITA (PPPS), 1993, IN SELECTED OECD COUNTRIES

COMPARATIVE FAMILY SUPPORT		COMPARATIVE NATIONAL WEALTH	
Country Rank	Basic Child Benefit 1994 (\$) *	Country Rank	Real GDP/Capita (PPPS) 1993
1. Austria	3,920	1. United States	24,680
2. Belgium	3,917	2. CANADA	20,950
3. Norway	3,731	3. Japan	20,660
4. Sweden	2,925	4. Norway	20,370
5. Netherlands	2,650	5. Denmark	20,200
6. Japan**	2,490	6. Belgium	19,540
7. Denmark	2,486	7. France	19,140
8. United Kingdom	1,889	8. Austria	19,115
9. United States***	1,811	9. Germany	18,840
10. Germany	1,805	10. Sweden	17,900
11. France	1,748	11. Netherlands	17,340
12. CANADA	936	12. United Kingdom	17,230

Notes:

* Conversion to Canadian dollars based on foreign exchange rates in mid-January 1994.

** Benefit value of tax exemption for two children at a combined central and local tax rate of 30%.

*** Benefit value of tax exemption for two children at the U.S. federal rate of 28%.

Source: Prepared by Novick and Shillington (1996) using OECD (1995) and UNDP (1996) sources.

Different poverty outcomes, even for female lone parents

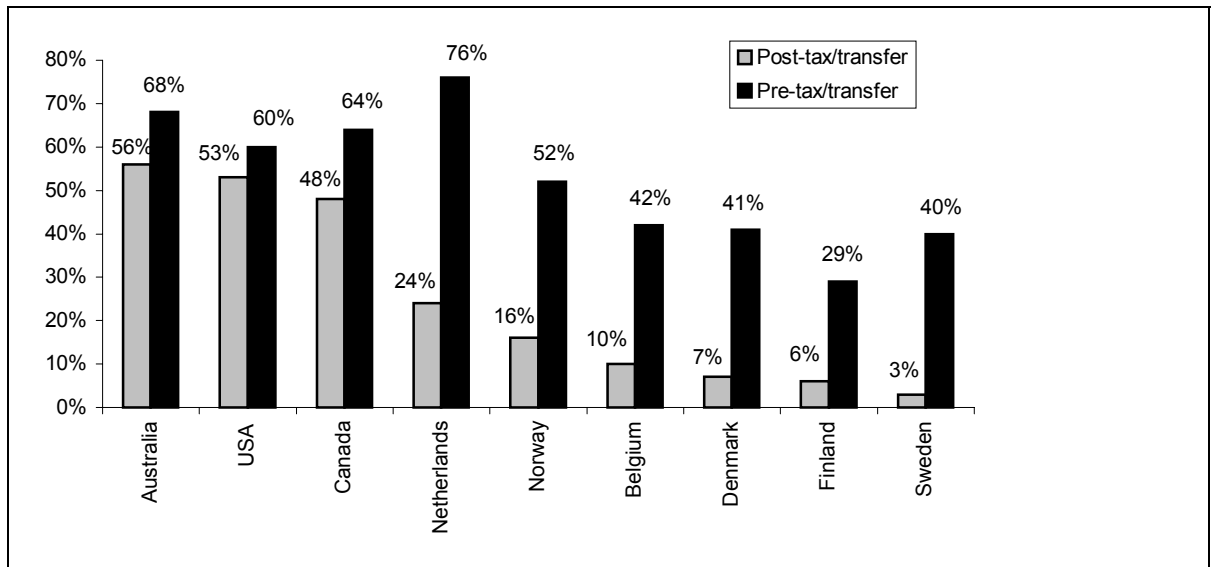
Regardless of national perspective or the purpose of family support, one thing is certain: the two different European approaches have been extremely successful in preventing poverty among families with children, even among female lone-parent families. In some European countries, the poverty rate for lone parents is lower than the Canadian rate for two-parent families.

The number of lone-parent families headed by women is increasing in every industrialized country in Europe as well as in Canada and the United States. In all countries, the risk of poverty for women and children is substantial. As Figure 2 shows, European countries have been much more successful than Canada in reducing the poverty rate of lone parents through a combination of tax and transfer measures.

Figure 2 reveals that in all countries the prospects for lone parents (almost all women) in the labour market were very poor, as evidenced by the extremely high pre-tax and transfer poverty rates. The six European countries managed to reduce their poverty rates considerably, while lone-parent families in the Anglo countries of Australia, the United States and Canada still had extremely high poverty rates *even with* transfer payments. Two conclusions can be drawn

from this: we cannot rely on the labour market alone to address the poverty of female lone-parent families and Canada's transfer programs have not been very successful in reducing the poverty of lone-parent families.

FIGURE 2: LOW-INCOME RATES AMONG LONE-PARENT HOUSEHOLDS BEFORE AND AFTER TAXES (CIRCA 1991)



Source: Prepared by the Centre for International Statistics, using OECD data.

It is critically important to understand why female lone-parent families face such a high risk of poverty in Canada. For one thing, as noted earlier, a growing number of poor children live with their mothers alone. For another, the extreme economic vulnerability of lone mothers begs several important policy questions which this paper addresses.

- Does society have a social responsibility to protect the living standards of women and children after divorce or separation?
- Why can women rarely support themselves and their children without government assistance?
- Assuming that society does have a responsibility to protect the living standards of female lone-parent families, how can and should that responsibility be exercised?
- Given that government assistance *is* needed since the labour market alone *cannot* be relied on to prevent and reduce the poverty of female lone parents, on what basis should women be making a claim on the state: as gender-neutral workers, as mothers, or as gender-neutral lone-parents?

PART III: ADDRESSING POVERTY AND VULNERABILITY IN A POST-CHST WORLD: CHALLENGES AND CONSTRAINTS

The Canada Health and Social Transfer and the new federalism

Social spending cuts did not begin with the Canada Health and Social Transfer (CHST). Nevertheless, the February 1995 federal budget was a turning point in Canadian social policy. Announced in 1995 and implemented in 1996, the CHST *formalized* the process of government withdrawal which had, until then, been characterized by a steady erosion of benefits through technical changes such as de-indexation and through redefinitions of eligibility. Both critics and supporters agree that the CHST marked the beginning of a new era not only for social policy, but also for federalism in Canada. The significance of the CHST can be summarized by saying that it:

- substantially reduced the amount of federal transfers to the provinces for social assistance and social services, health and post-secondary education;
- replaced previous funding arrangements with a consolidated block fund which gives provinces more control over how money is spent;
- marked the federal government's retreat from its fiscal spending power, the capacity to influence/encourage provincial spending on social programs by cost-sharing;
- signalled the weakening of the federal government's role in building and maintaining a national social framework; and
- represented the triumph of the fiscal imperative -- the view that addressing the deficit requires social spending cuts.

Reduction in federal transfers

The CHST entails a significant reduction in the amount of money the federal government transfers in cash to the provinces for social assistance and social services, post-secondary education, and health care.¹³ The reduction, announced in the 1995 budget, amounted to \$7 billion over three years. In April 1997, the federal government committed itself to maintain the cash portion of the transfer at the current level of \$12.5 billion for future years, rather than continuing the reduction to \$11.1 billion announced in the 1996 budget. This returns \$700 million in 1998-99 and \$1.4 billion in the 1999-2000 and subsequent years.

While the federal government's decision to increase the amount of the cash ceiling is welcome, the reduction in transfers still represents a substantial cut. The effects are already being seen in programs and services across the country.¹⁴ Women will likely be disproportionately affected by cuts to social programs because they need the support of an activist, interventionist state to help bridge the contradictory demands of their different status roles: as employees in the work

force, caregivers in families, and users of social programs and services (Kitchen, 1995).¹⁵ To many critics, the CHST represented "the symbolic and substantive retreat of the federal government's commitment to social programs" (Silver, 1996: p.67).

Block funding and the increasing rejection of the federal government's fiscal spending power

Structurally, the CHST has major implications because programs which were previously separate have been consolidated into a single block fund. Supporters argue that the block funding approach gives greater flexibility to the provinces to experiment and to rationalize social services. Critics, on the other hand, have predicted that the block funding approach ensures that, in many provinces, social assistance and social service programs will emerge as losers in the inevitable competition with health care and post-secondary education.

With the introduction of a block fund, the federal government no longer provides fiscal incentives for provinces to invest in certain kinds of services. With the elimination of the Canada Assistance Plan (CAP), Ottawa no longer cost shares social assistance and social services on a 50/50 basis. The significance of the cost-sharing arrangement must not be underestimated. The 50 cent cost-shared dollar has, according to some experts, been the "most significant protection for the poor in Canada" since it guaranteed that the federal government would contribute 50 cents relative to each dollar spent for lower income and needy populations (Novick, 1995). The CHST offers no such guarantee; in fact, provinces no longer have to provide social assistance based on need at all. When CAP was introduced in 1966, the requirement that assistance be provided on the basis of need "represented a profound advance in social policy" (Torjman and Battle, 1995).

CAP, for all its faults, had been an effective and flexible way of contributing 50% of the cost of such provincially administered programs as social assistance, child welfare, social services and child care (Moscovitch, 1995).¹⁶ The CHST means that most national conditions (except prohibiting residency requirements) for receiving federal funding have been eliminated. Through the use of federal spending power, the federal government ensured national equity among individual Canadians and among regions of Canada.

It will be more difficult to promote national equity, via income security, in the absence of the federal government's spending power.¹⁷ Provinces will be able to make even deeper cuts and changes to social assistance and social services in order to preserve programs with strong middle class support, such as health care and post-secondary education. The loss of CAP also means that provinces can distinguish even further between deserving and undeserving poor by declaring certain categories of persons ineligible for income assistance, and it opens the door for provincial workfare programs. (The extent to which the federal government will be able to promote national equity, at least among families with children, through the National Child Benefit will be discussed in the next section).

Federal government withdrawal from leadership role in building a national framework

The CHST has contributed to the perception that Ottawa is increasingly withdrawing from a leadership role in social policy and that the Parliament of Canada has no distinctive role to play in social Canada. The fear is that the federal government will be only one player around the federal-provincial/territorial table. It is clear that neither the federal nor the provincial governments see the federal government as having the moral authority to introduce national social programs or to unilaterally set and enforce conditions and standards. The message the CHST gave to the public is that Canadians will increasingly have to look to their provincial governments, not the Parliament of Canada, to protect their social interests and well-being.

The social policy community has been outspoken in criticizing the federal government for what it perceives to be an abrogation of its historically important role in Canadian social policy. According to the Caledon Institute of Social Policy:

The venerable federal government that used to play such a strong and proud role in building the national social framework has retreated from centre stage into the backdrop. The curtain may soon go down on the federal government if it continues to make itself irrelevant through its self-imposed leave-it-to-the-provinces approach to the well-being of Canadians (Torjman, 1996: p.2).

A roundtable of national organizations which met to discuss the provincial report on social policy reform concluded that “the federal government should resume its traditional role as leader of the country.” The 40 organizations representing a variety of interests agreed that “the retreat stance which it [the federal government] has assumed is not only singularly unhelpful to the well-being of the country, the lack of federal action is also a dangerous threat to national unity as Canadians begin to question increasingly the need for a national government” (Caledon Institute, 1996a: p.1).

Consistent with this position, the Child Poverty Action Group (1996) argued that it is critically important to have the federal government -- as Canada’s only common government -- assume a strong and distinctive leadership role in social policy for the following reasons.

- First, there are some things that only the federal government can do. The distinctive role for the federal government should be to *equalize opportunities and reduce disparities in living standards across the country*. This means providing national assurances of common access to basic income support and essential public services such as health care, post-secondary education, early child development and child care. National assurances of common access include financial access and an assurance of decent quality of services.

- Second, unless the federal government has a strong and distinctive role in Canada, why even have a federal government? Canada is not merely a community of communities in which the Parliament of Canada has no distinctive role. While provincial governments may not have supported the federal government's unilateral decisions regarding the CHST (or the previous cap on CAP), these actions should not be the basis for a rejection of the federal government's role. Canadians (including provincial governments) need to distinguish between the behaviour and popularity *of a particular* government and the *legitimacy* of the *institution* called the federal government.

The triumph of the fiscal imperative

The introduction of the CHST is symbolically significant as well in that it signals the triumph of the “fiscal imperative.” This is the view that government overspending is the primary cause of the deficit and that the federal government had no choice but to cut spending and reduce the size of government to address our fiscal crisis (Courchene, 1996). The 1995 federal budget proposed reducing the federal deficit by \$29 billion over a three-year period. Almost all of this, (\$25 billion), was to come from reduced expenditures, half of them from the social policy envelope. The CHST suffered the largest single cutback, with the elimination of \$7 million from its budget. (Yalnizyan and Tester, 1996).

According to Thomas Courchene (1996), a supporter of the CHST, the major benefit of the CHST is that it will allow for more “fiscally driven” restructuring of social policy, rather than social policy-driven restructuring. This means that transferring funding from one group to another (e.g., social policy budget transfers between the elderly and children), which has proven to be politically difficult in the past, will become much easier politically to accomplish. The CHST, as Courchene notes, has “finally broken the political and jurisdictional tug-of-war on the social policy front” (p.60). The advantage, as he sees it, is that this will allow provincial governments to engage in more “priority-driven restructuring” (Courchene, 1996). By this, he means “fiscally driven” reforms.

The impact of the CHST on the provinces: from cash to tax points

The most immediate impact of the CHST has been the vast reduction in the cash portion of the federal transfer. In 1996-97 these reductions represented a loss of between 16% and 21% of the federal cash transferred to each province for social, health and post-secondary education programs. The cash cuts in 1996-97 ranged from \$14 million in Prince Edward Island, to \$1.3 billion in Ontario. To adjust, provinces are *backfilling* the federal cash cuts, and cutting and restructuring programs (see tables in Appendix C for details).

The pressure on provinces will be tremendous in the years to come since the CHST block funding mechanism is not tied to social and economic changes in the provinces. The CHST will not respond to new costs associated with, for example, a recession and increased social assistance costs, or an aging population and increased health care costs. The total value of the CHST (cash and tax point portions) will not begin to grow until the year 2000, and then only modestly. In addition to adjusting to the annual cash cuts in

the CHST, provinces will have to adjust for new and changing social needs. The impacts on local communities will be unimaginable when the next recession hits, especially so if more provinces begin to devolve responsibilities onto municipalities, as Ontario is proposing to do.

In exchange for having to assume greater financial responsibilities as a result of less federal funding, the provinces have been given more say over funding priorities. A block fund allows the provinces to choose how the money is spent, as long as the conditions of the *Canada Health Act* are maintained, and no residency requirements for social assistance are imposed. The CHST also shifts federal support toward tax points and away from cash transfers. The total value of the CHST is made up of cash transfers and tax points. As mentioned, the cash portion declines significantly by 1999-2000. But the value of the tax points, (created by the federal government decreasing its income tax rates and allowing the provinces to increase their rates a comparable amount to fund health and higher education under Established Programs Financing), continues to grow under the CHST. The projected value of the tax points, which grow relative to the economy, increases from \$11.2 billion in 1995-96 to \$16.1 billion by the year 2002-03 (National Council of Welfare, 1991).

The significance of this shift in favour of tax points is that it is the federal cash that establishes a federal presence and legitimacy in social programs. With less cash, as already noted, the federal government has reduced its presence in some provincial social programs and has less ability to enforce conditions. The provinces view the federal cash transfer as the true level of federal support for social programs (Ministerial Council on Social Policy Reform and Renewal, 1995). Indeed the government of Quebec, which views Ottawa's social policy activities as intrusive, would prefer that Ottawa withdraw from social policy funding and transfer tax points as compensation (the 1996 Quebec Budget Address). Because the value of the tax points grows relative to provincial economies, it offsets the federal cuts to the cash transferred. But the shift toward tax points also signals a growing provincial role and significance in national social policy.

Appendix C provides a detailed provincial listing of the federal cash cuts to the CHST between the years 1996 and 2000, as well as federal estimates of the value of tax points transferred to the provinces.

Provincial reactions to the CHST

In response to the questions for Ministry/Department officials (see Appendix A), the statements below reflect the views of most provinces on the reduction in provincial transfer payments.

This province recognizes that federal action to restrain the growth of the federal deficit and the national debt is intended to support and strengthen this country economically, and that a reduction in federal transfers, while not desirable, is a reality (Joan Marie Aylward, Minister of Social Services, Newfoundland).

New Brunswick understands the need of the Federal Government to deal with its fiscal problems; we have been engaged in similar austerity measures in our province for quite some time. Having said that, the reduction in federal transfer payments has presented a challenge to the province (Marcelle Mersereau, Minister of Human Resources Development, New Brunswick).

Alberta supports federal efforts to get their fiscal house in order. However, we have expressed concern that reductions in federal transfers to provinces far exceeded cuts to spending on federal programs (Stockwell Day, Minister of Family and Social Services, Alberta).

While some provinces, such as British Columbia, Ontario and Quebec, have expressed firm opposition to the continuing reductions in transfers, most provinces seem to agree that all levels of government need to reduce spending in order to eliminate deficits.

The province continues to strongly object to the continuing reductions in federal transfer payments ... left the B.C. government no choice but to introduce a number of cost saving measures ... has forced the B.C. government to take into account reduced revenues when designing and administering social programs (Dennis Streifel, Minister of Human Resources, British Columbia).

These cuts have crippled Quebec's ability to take action by severely limiting its choices and priorities. In addition, the new federal employment insurance plan will result in \$1.9 billion in anticipated savings for the federal government once fully implemented. These changes have already started adding people to our income security rolls at a time when federal funding for income security has been dramatically reduced (Louise Harel, La ministre de la Sécurité du revenu, Québec).

The strongest objections to federal cutbacks are to be found in provincial budgets. Across the country, finance ministers voiced concerns about the dissolving federal partnership and the reduction in a federal government presence as well as the inevitable provincial cutbacks. The federal cuts presented a tremendous challenge to the provinces resulting in the need to reassess priorities for provincial spending both in the short and long term.¹⁸

Short-term impacts on social programs

In the short term, the CHST has had very little impact on the administration of social programs in New Brunswick ... Long-term impacts on social programs are yet unknown (Marcelle Mersereau, Minister of Human Resources Development, New Brunswick).

Elimination of the Canada Assistance Plan and introduction of the CHST has not yet had a significant impact on the structure of Saskatchewan programs (Lorne Calvert, Minister of Social Services, Saskatchewan).

Several provinces indicated that the CHST has had very little impact on the design and administration of social programs in the short term. Some claim to have been able to maintain social assistance programs because they have sufficient revenue from other sources or have made budget reallocations in other areas in order to maintain these programs.

We have had to look at program delivery mechanisms to ensure that they are the most cost-effective, and to re-examine priorities to ensure that the needs of our most vulnerable citizens continue to be met. I am pleased that we have been able to maintain our commitments to families and children, despite the loss of federal funding (Bonnie Mitchelson, Minister of Family Services, Manitoba).

The federal funding cuts under the CHST have forced the B.C. government to take into account reduced revenues when designing and administering social programs. Nevertheless, the government has remained committed to protecting the most vulnerable in society (Dennis Streifel, Minister of Human Resources, British Columbia).

Most provinces expressed a commitment to maintaining social programs for those at risk. At the same time, most provinces have also reduced spending on programs.

The introduction of the CHST and the accompanying loss of federal revenue necessitated rate reductions for employable clients (Bonnie Mitchelson, Minister of Family Services, Manitoba).

In several cases, the provincial cutbacks came in the form of lowering welfare benefit rates. In most cases, only the rates for employable adults were decreased. The concern for protecting some low-income groups (families with children, persons with disabilities) at the expense of other low-income individuals (employable adults) results in an even greater gap between those who are considered deserving of social assistance vs. those deemed undeserving.

Long-term impacts on social programs

The long-term impact of the CHST is more difficult to assess. Despite its reduced levels of federal transfer payments, the CHST was welcomed by many provinces because it was seen as an opportunity to improve programs. The perception of the provinces was that CAP had been too constraining.

With the CHST, Ontario and the other provinces have complete authority over the direction of social security reform (Janet Ecker, Minister of Community and Social Services, Ontario).

The end of the Canada Assistance Plan has enabled Manitoba to change the focus of social assistance from a program of unconditional entitlement to one of reciprocal responsibilities (Bonnie Mitchelson, Minister of Family Services, Manitoba).

However, the so-called constraints of CAP may, in some cases, have been overemphasized by the provinces since many of the policy and program changes to social assistance were completed prior to the CHST. The provinces of New Brunswick, Manitoba and Alberta made significant reforms in their social assistance programs under the rules of CAP. Although the CHST is not responsible for initiating these structural changes in all the provinces, it plays an important part in this Canada-wide phenomenon because it gives them even greater flexibility (NAPO, 1996). At the same time, provinces are concerned that the flexibility must be exercised within the context of national standards.

The new block funding method may provide more flexibility to the province in pursuing its social program goals in the future. It will be important, however, that any new provincial flexibility be exercised within the context of national standards, which are currently under discussion among federal, provincial and territorial governments (Lorne Calvert, Minister of Social Services, Saskatchewan).

The CHST provides provinces with greater program design flexibility to better reflect provincial needs. As well, this Province supports the development of national standards in social policy in order to ensure that all Canadians have access to comparable social programs, and to ensure that all governments have the resources needed to deliver their programs (Joan Marie Aylward, Minister of Social Services, Newfoundland).

From balanced budgets to tax reduction

A review of provincial budgets for 1996, the first year of the CHST, reveals that deficit and debt reduction are priorities for all governments. Seven of the provinces report having achieved balanced budgets, Ontario and Quebec have set out deficit reduction targets, and Newfoundland has stated that incurring large deficits is not an option. Provincial finance ministers point out the strain CHST cuts have on provincial budgets. Indeed, five of the provinces have or are developing legislation requiring balanced budgets.

Most provincial budgets report that not increasing taxes is a priority as well. Six provinces have planned, or are discussing, reductions to taxes. Ontario, which does not have a balanced budget, is implementing by far the largest tax cut of 30.2% over three

years. Several provinces are looking at taxation in a larger and possibly more progressive context. Saskatchewan is reviewing the fairness and effectiveness of its tax system, and is consulting on reducing taxes. Quebec is restricting tax breaks, reviewing taxation and the funding of public services, and examining the role of taxation as a tool in family policy and income security.

The emerging trend around tax cuts needs to be critically examined in terms of preserving programs and services affected by the federal cuts, addressing social needs like child poverty, and issues of fairness and equity. There is a substantial difference between Ontario's tax cut of 30% and the changes proposed by other provincial governments. The interest in tax cuts by political parties with different priorities does, however, indicate the narrow scope of options being proposed to Canadians in a post-deficit period. We should all be concerned about tax cuts as a major policy option. Along with making little economic sense, "general tax cuts will limit the ability of governments to act on important public requirements ... deepen already polarized income distributions ... [and] are an agenda for social misery in Canada" (Novick and Shillington, 1996: p.37). Tax cuts which increase income disparities and reduce the government's fiscal capacity to fund needed social programs are not compatible with building a national framework to support women with children.

The Caledon Institute of Social Policy (1997b) points out that not all tax cuts are equal. In a letter to the new Prime Minister, they offer the following advice regarding potential tax cuts.

- Leave room for social reconstruction; do not give up all your fiscal room on tax cuts.
- Introduce only tax cuts which reduce income inequalities rather than those which aggravate disparities in market incomes.
- Find innovative tax cuts which stimulate employment.

Accountability and government roles in the new social union

After the February 1995 budget, the federal government committed itself to developing principles and objectives for the CHST. The federal government planned to work with the provinces to develop "through mutual consent, a set of shared principles and objectives that could underlie the new transfer" (Biggs, 1996: p.v). Instead, the provinces established the Ministerial Council on Social Policy Reform and Renewal which recommended that provinces and territories develop a national framework to guide the reform process in areas of provincial responsibility, including a mechanism for settling differences.

Following the Annual Premiers Conference in August 1996, the provinces established a working group to develop options for inter-governmental mechanisms or processes to develop and promote adherence to national principles and standards. This working group is chaired by Ontario, but does not include a federal government representative. The working group's report was tabled at the 1997 annual premiers' Conference.

Until agreement has been reached on federal-provincial roles,¹⁹ there is a vacuum in accountability and in national standards when it comes to social assistance and social services. As we will see later in this report, the issue of conditions and enforcement are important in relation to the national child benefit and the proposed re-investment framework.

The question of federal-provincial roles in social programs may become a point of contention among the provinces. All provinces (with the exception of Quebec which did not participate) agreed with the conclusions of the 1995 Ministerial Council report to give greater control and influence to provincial governments over national social policy. As noted earlier, critics of the Ministerial Council report were concerned that the federal government's distinct and strong role would be lost in the devolution revolution. According to newspaper coverage of the 1997 annual premiers' conference, some provincial premiers are now expressing strong reservations about devolving significantly more powers to already overburdened provinces. Saskatchewan Premier Roy Romanow, is reported to have said: "We have to be very careful that we don't blindly pursue a devolutionist agenda that's driven by ideology rather than by common sense" (Urquhart, 1997). Similarly, some of the so-called have-not provinces in Atlantic Canada are stressing that they need a strong federal government role in social programs which would otherwise not be affordable in their provinces (Walker, *The Toronto Star*, August 7, 1997).

PART IV: REVIEW AND ASSESSMENT OF THE NATIONAL CHILD BENEFIT AND PROVINCIAL PROGRAMS

Common themes and directions in social security reform

In the February 1997 budget, the federal government announced its intention to expand and redesign the current system of child benefits into the National Child Benefit System. As a first step, Ottawa committed \$850 million, in addition to the \$5.1 billion currently being spent, to enrich and restructure the existing Child Tax Benefit (CTB) and Working Income Supplement (WIS). The plan is to move toward a system that would replace provincial social assistance paid in respect of children with a child benefit system for all low income families regardless of their source of income, whether wages, welfare or employment. Several provinces have already or are in the process of introducing child benefit programs of their own which will, in the future, be consolidated into a single unified system with the federal benefit.

In addition, most provincial governments are reforming their social assistance programs by tightening eligibility, strengthening welfare-to-work programs and, in some cases, reducing benefits. (Provincial welfare reform will be discussed later.)

Social security reform and economic restructuring

Social security reform in Canada, including the reform of provincial social assistance, is being undertaken in large part to support the labour needs arising from economic restructuring. Proposals to reform programs at both the federal and provincial levels have all been, to some extent, involved in furthering an agenda that seeks to bring social security in line with the new economy.

The links between economic restructuring and social security reform, particularly as it affects women, are well documented (Brodie, 1996; Scott, 1995b; Yalnizyan, 1994). The messages are by now familiar: "Canada must adjust in order to trade competitively in the new international market; federal and provincial governments must cut back their activities and their spending in order to become more efficient; and social programs must be reduced and transformed to help those displaced by the new economic realities to enter the work force and become self-sufficient" (Brodie, 1996: p.v).

These perspectives have led to the following goals for social security reform: reducing work disincentives, maintaining the supply of low wage labour through wage supplementation, increasing labour flexibility and building bridges between low wage jobs and the world of social assistance (Scott, 1996a). The discourse of reform has subsequently been monopolized by themes that promote these goals: privileging market work over other activities, such as caring for children, restoring the distinction between the "deserving" and "undeserving," and defining the problem of welfare as one of dependency, particularly for lone mothers.

The gender neutral language of reform has obscured the fact that women are most often adversely affected by these reform efforts. As Scott (1996a, p.29) observes:

Taken together, the move to establish equivalencies between welfare recipients, on the one hand, and between the working and transfer poor, on the other, erode the potentially positive impact of integrating women into the labour market. Women are being commodified only to compete for a reduced share of the economic pie with men.

The denigration of women raising children alone as “dependent”

Although the dependency label has been applied to most recipients of social assistance (and employment insurance), lone mothers are probably the most frequent targets. Evans (1996) suggests the following reasons.

- The rising cost of provincial spending on social assistance, largely attributable to the recession of the early 1990s, forced many people onto social assistance. For the three “have” provinces (Ontario, Alberta, and British Columbia), the pain was exacerbated by the fact that the federal government had placed a ceiling (the cap on CAP) on the amount it was prepared to contribute to the added costs.
- Growing labour force participation of women with children has contributed to redefining single mothers as employable since most women are now in paid work. Evans notes that "women in two-parent families do not necessarily view their employment decisions as reflecting much 'choice'" (p.176).
- The increasing gap between wages and welfare arises from the fact that social assistance rates reflect family size, while wages do not. The decline in the value of the minimum wage, noted earlier, has contributed to a growing imbalance between wages and welfare as well.

To reintegrate lone mothers on social assistance “back into the mainstream of concern about women's economic independence” (Evans, 1996: p.165), Evans recommends that we avoid the trap of viewing welfare as dependency. To do so means accepting that child rearing is non-work and that women should have no claim on the state as mothers, only as workers. This is an extremely important and timely insight. The view that even lone mothers of young children should be in the paid labour force is an implicit or explicit assumption in many of the changes introduced to provincial social assistance programs. As will be discussed later, most provinces have decreased the number of years lone mothers are allowed to be on social assistance without being expected to find paid employment. Provinces argue that most single parents want to be self-sufficient and view social assistance as dependency. Consequently, provinces have shifted their emphasis to welfare-to-work programs and, in some cases, mandatory workfare.

Repeated studies and anecdotal accounts have shown that most lone parents would rather be in the labour market once their children are in school, if not before. Novick and Shillington

(1996) found that, when unemployment goes up 1%, so does child poverty. It is significant that only 29% of poor children live in families without employment earnings, where there is a clear expectation for parents to be employed. However, even for this group, Novick and Shillington concluded that:

It is far too facile to attribute “dependency” to them in light of high unemployment levels and the inferior quality of low end jobs in Canada. There is no strong evidence to support the assumptions of workfare programs that most poor parents lack the motivation for employment (p.20).

The charge of dependency is not only unsubstantiated, it also ignores the importance and legitimacy of raising children. As Pearce observes:

As long as we accept the denigration of women who take care of dependent children as “dependent”, and as long as the welfare problem is termed one of “dependency,” then the policy choices are constrained to a set of equally impossible choices for the single mother (quoted in Evans, 1996: p.165).

It is here that the individual responsibility model of the family, discussed earlier, backfires most harshly on women with children. Women's claim on the state as mothers is being redefined at the same time as support for their role as workers is being curtailed in many provinces (e.g., child care, pay equity, employment equity, not to mention the continued existence of a labour market with too few decent jobs). Evans (1996) cautions us to be concerned that social assistance rates, already well below the poverty line, do not fall even further in order to provide work incentives for those entering paid labour. She concludes by posing three criteria, consistent with the proposed social responsibility framework, for judging federal and provincial reforms.

- Is the legitimacy of income support recognized for lone mothers through a commitment to benefit adequacy and an absence of work conditioning (e.g., workfare or making benefits conditional on training)?
- Do the proposals reinforce discrimination in the labour market by relegating women to low paid and insecure employment (in addition to the need for affordable and accessible child care and training for good jobs)?
- Is there action directed to increasing jobs?

Reforming child benefits

A national child benefit, a cornerstone of European income security and family policies, is not new to Canada. Since the mid-1940s, Canada has had a national benefit for families with children, first in the form of the universal family allowance and, since 1993, the income-tested Child Tax Benefit or CTB (and the Working Income Supplement or WIS) which combined the family allowance and the refundable and non-refundable child tax credit.

Child benefits have been restructured several times in the last few years. A major change has been the introduction of greater selectivity in the system through measures such as the introduction of partial indexation of the refundable and non-refundable child tax credits and the clawback which converted family allowances from a universal to a selective program. This process culminated in the total elimination of the universal family allowance program in 1993. According to some critics, two of the traditional goals of a child benefit -- parental recognition and horizontal equity -- have been “traded off” to create programs that target low-income families (Kitchen, 1997; Scott, 1995a; Shillington, 1994). While such a criticism might overstate the intent of the policy changes, it is certainly true that the parental recognition and horizontal equity objectives have been weakened in recent years and, in fact, totally abandoned for upper income families who no longer benefit at all.

Equally important, the value of the child benefit has declined considerably in recent years as a result of cuts to benefits and inflation. In a comparison of benefit levels for 1984 and 1996, the Canadian Council on Social Development (CCSD, 1997a) has estimated that:

- overall, families are receiving \$800 million less support each year;
- modest income families are receiving about \$1,100 less a year; and
- middle income families are receiving almost \$1,200 less a year.

Ironically, changes made in the name of “targeting” have not significantly improved the position of poor families and children; all they have done is made modest and middle income families worse off (Shillington, 1994). As noted earlier, low income families with employment earnings did see a modest increase of \$500 a year with the introduction of the Working Income Supplement; low-income families with no earnings have not, however, benefited.

The CTB and WIS were both introduced in 1993. The CTB pays a base benefit up to a maximum of \$1,020 per child per year, virtually the same amount as families were receiving under the former family allowance and child tax credit. The Child Tax Benefit is reduced once net family income reaches \$25,921 and reaches zero at an income of \$66,700 for one- or two-child families.

Families with earned incomes between \$3,750 and \$25,921 also receive the Working Income Supplement. The maximum benefit of \$500 per family (not per child) per year is targeted to families with incomes between \$10,000 and \$20,921. This represents about 30% of all families receiving the CTB. The Working Income Supplement is intended to help offset the additional costs that lower-income families incur when working.

Shifting the goals of a child benefit

The introduction of the WIS marked a significant shift in the goals of a child benefit, as reflected in the goals of the family allowance which the CTB and WIS replaced. One of the purposes of a child benefit had always been to recognize the additional financial resources required by parents to meet the costs of raising children. In this way, greater equity was promoted between adults with and without children. More important, child benefits help to equalize the life chances of children from families with lower incomes so they are at less of a disadvantage relative to other children. Because children are generally seen as the innocent bystanders of the economic circumstances of their parents, they have, as argued earlier, a special claim on the resources of the state.

The inclusion of the WIS in the child benefit contradicts this distinct claim. The WIS has made Canada the first country to link the support of poor children to their parents' participation in the low wage sector (Kitchen, 1997). The WIS begs the question: why should children of parents unable to find employment and/or satisfactory child care opportunities receive a lower benefit than children living in parts of Canada with better employment prospects and greater access to affordable child care?

Not surprisingly, the WIS has been criticized because it reinforces notions of “deserving” and “undeserving” poor and drives a wedge between the working poor and the welfare poor by privileging families with earned income (Pulkingham and Ternowetsky, 1997; Scott, 1995a). It has also been pointed out that the \$500 per year is tokenism since it does not cover real expenses related to working, such as child care (Scott, 1995a). Another issue is that the WIS penalizes many of the working poor, particularly women, who work part-time and receive low or minimum wages. The income thresholds of \$3,750 and \$10,000 are considered to be too high because they exclude parents who earn less, most likely part-time and low wage workers, categories in which women are overrepresented (Pulkingham and Ternowetsky, 1997).

The WIS reflects the contradictions in child benefits reform which are apparent in the national child benefit plan as well. On the one hand, both federal and provincial reforms have adopted a “putting children first” strategy which highlights the needs of children. While this strategy has been criticized for placing the needs of children ahead of that of their parents or, worse, separating the needs of children from that of their mothers, it has managed to focus attention on the requirements of children and families. At the same time, children's benefits have been repositioned to encourage the labour force participation of parents, especially mothers, in the low wage labour market. Scott (1995a) argues that, in this way, the emphasis on work

disincentives “subverts the first strategy of 'putting children first' by targeting parents as the real objects of policy, [thereby converging] with provincial social assistance reform projects” (p.19).

A preoccupation with work incentives and disincentives appears to be paramount in both federal and provincial child benefit programs and plans. Even though removing disincentives to work and reducing the welfare wall are worthwhile goals of reform, they should not lead to a situation where concern with the parents’ employment status prevents financial support for children. Such an approach risks undermining the developmental chances of children for the sake of punishing their parents. According to Kitchen (1997), few other industrialized nations have had such difficulty matching their concern for children with their fear of encouraging financial dependence in parents.

Breaking down the “welfare wall” and removing children from welfare

The theme of taking children off welfare is a thread which runs through many of the proposals to address child and family poverty that have been made in Canada over the last decade. In 1988, the Ontario Social Assistance Review Committee (SARC) recommended the integration of federal and provincial income security for families with children as a way of removing children from welfare. Concerned that children in families on social assistance were being damaged by the stigma of being on welfare, the Committee recommended a single income-tested benefit to replace federal and provincial benefits. Other organizations, including the Child Poverty Action Group, had previously proposed an expanded family allowance-type program to replace social assistance, arguing that provincial welfare programs harmed children and humiliated parents (CPAG, 1986; Freiler, 1996).

The goal of taking children off welfare because it is harmful and stigmatizing has given way to other arguments for an income-tested child benefit. These include eliminating the “fairness gap” between the welfare poor and the working poor; breaking down the “welfare wall” and removing possible work disincentives; easing the transition from welfare to work; and reducing dependency on social assistance. It is true that, in some cases and in some provinces, families on social assistance may have higher incomes than some working poor families. This has led to the argument that the existence of a “welfare wall” or “welfare trap” plays a significant role in discouraging families from leaving welfare for the work force. The following formulation of this argument by Ken Battle (1997) is reflected in the thinking of both federal and provincial governments and in the proposed National Child Benefit System.

Not only do parents who exchange a welfare cheque for a pay cheque lose cash and in-kind benefits for their children, but they also see their wages reduced by income taxes and payroll taxes and face employment-related expenses. Parents working at or close to the minimum wage are worse off financially than if they stayed on welfare (p.48).

Despite the popularity of this view among Canada's governments, the focus on work disincentives and the welfare wall is largely unsubstantiated. The social research literature from Canada and the United States does not bear out the current preoccupation with the work disincentive effect of social assistance. Instead, both research and anecdotal information show that the problem is less one of welfare walls or traps than one of the poor quality and shortage of sustaining employment for parents, including the lack of employment supports such as child care.

This argument ignores the fact that we are not talking about two different groups of people on either side of the welfare wall. In fact, many families, particularly families headed by lone mothers, are in and out of the labour market, as determined by the demand for labour and the needs of the children. The distinction between lone mothers who are labour market bound and those who are not, as some provincial welfare-to-work programs attempt to do, may not make as much sense as policy-makers think (Evans, 1996). Whether lone mothers are in the paid labour force or on social assistance at any point in time appears to have less to do with a welfare wall, than with other factors, as the following argues.

Sometimes [lone mothers] stop working because they are laid off or their contract ends. Often, they stop working because they decide that their children need them at home, or they are fired because of extra sick leave taken to care for a child. They may also quit because they are worn out trying to juggle their two jobs (Stairs, 1994: p.16).

The kinds of jobs women leaving social assistance typically find are often not very compatible with the role of raising children, according to research studies in the United States (Edin and Lein, 1997). They tend to be low end jobs, with few or no benefits, and little or no flexibility. Balancing work and family life becomes very onerous if a mother cannot take time off with a sick child or is not allowed to leave the job site for 10 minutes to phone home.

An integrated child benefit

Proposals for breaking down the welfare wall and taking children off welfare, such as the National Child Benefit System, consist of a separate income-tested benefit for all low-income parents, regardless of whether they derive their income from wages or welfare. In previous proposals for an integrated child benefit, the program would replace the children's portion of welfare and extend child benefits to working poor families. Such a child benefit program could be run by the province or it could be integrated with federal child benefits into a single unified benefit for all low-income families with children. Either way, the primary beneficiaries of these schemes and proposals are nearly always working poor families, since the benefit replaces welfare paid in respect of children, leaving social assistance families no better off as long as they are on social assistance. British Columbia already has such a program, and several other provinces are in the proposal stages. (A later section will describe the provincial programs.)

Strictly speaking, children will not be taken off welfare under such a scheme as long as their parents continue to derive their incomes from social assistance. There are also potential problems associated with separating the children's portion from the adult portion of social assistance. This reinforces the view that parents on social assistance should be dealt with as single employables, both in terms of benefit rates and in terms of other requirements.

Treating parents as single employables would affect women disproportionately hard. Even with a child benefit to help offset the costs of child rearing, a parent on social assistance is not in the same position, financial or otherwise, as a single person with no dependants. For one thing, the child benefit does not cover the full costs of raising a child; therefore, the parental portion of social assistance would also have to cover part of child-rearing costs. The concern in the past has been that, with a separate children's benefit, the adult benefit would be reduced.²⁰

Although an income-tested benefit for all low income families is a positive step in reducing child poverty, its potential risks for women must be acknowledged and addressed. Separating the children's benefit from the adult's benefit should not make mothers on social assistance raising children alone more vulnerable, either economically or socially. Expanding children's benefits while taking increasingly harsh positions toward lone mothers appears self-defeating and contradictory. It is, as we have seen, also unnecessary since most parents, including lone mothers, want to work.

Despite these reservations, the concept of a child benefit separate from the parents' social assistance entitlement, does have considerable merit. An income-tested benefit which goes to all parents, both working and welfare poor, is a great improvement over means-tested social assistance. The point is to highlight some of the possible pitfalls and limitations of the concept, particularly in light of the direction of provincial social assistance reform.

Preliminary assessment of the National Child Benefit System

The federal government "downpayment"

The 1997 budget called the investment of \$850 million a "substantial downpayment" toward the National Child Benefit System which will take place in two steps.

- The Working Income Supplement is being changed from a per family to a per child benefit, with the maximum amount increasing from \$500 per child to \$605 for the first child, \$405 for the second and \$330 for the third and each additional child, beginning in July 1997.

- A simplified and enriched Canada Child Tax Benefit (CCTB) would incorporate the amended WIS *for working poor families only* into the CTB *for all low income families*. Beginning in July 1998, low income families will be eligible for a maximum CCTB of \$1,625, up from \$1,020, for the first child and \$1,425 for each additional child. These maximums apply to family incomes up to \$20,921. The CCTB will retain the current CTB's \$213 supplement for children under 7 for whom child care expenses are not claimed (Department of Finance Canada, 1997b; Caledon Institute, 1997a).

This new Canada Child Tax Benefit will act as a federal *platform* on which the provinces and territories can build, either by topping up benefit amounts or, more likely, by providing supplementary benefits to working poor families (e.g., dental or drug benefits, income-tested child benefits, child care services). At maturity, the federal platform and the provincial programs will comprise the National Child Benefit System which will replace the child portion of social assistance and extend the same unified child benefits to working poor and welfare poor families. The federal and provincial governments have agreed to the following goals of the new program:

- to help prevent and reduce the depth of child poverty;
- to promote attachment to the work force; and
- to reduce overlap and duplication through closer harmonization of program objectives and benefits and through simplified administration.

The intended beneficiaries of this proposal are working poor families, since the provinces will be allowed to take back from social assistance families the full amount of the increased federal benefit. The provinces will, however, be required to re-invest this “freed up” money “to other programs targeted at improving work incentives and supporting children in low income families.” A re-investment framework is being jointly developed by the federal and provincial governments to guide the reallocation of provincial/territorial funds and “to provide accountability to the public on how monies are being reinvested in children” (Department of Finance Canada, 1997b: p.14).

According to the Caledon Institute of Social Policy (1997a), the \$850 million is a “serious downpayment” because it represents 42% of the estimated \$2 billion of new federal funds required to finance a mature system. Two billion dollars is the amount required to replace current provincial spending on the children's portion of welfare.

It should be noted, however, that the amount of “new” money is not as significant as it might appear. The new commitment amounts to only \$600 million since \$250 million had been committed in the 1996 budget to expand the Working Income Supplement. During the 1997 federal election campaign, the federal government promised to invest an additional \$850 million as soon as money becomes available.

The following assessment is preliminary both because detailed information about the impact of the proposed program is not yet available, and because the system at maturity will

include both the federal program and provincial programs, including the re-investments from freed-up social assistance money. These matters are still under discussion between the federal and provincial governments.

Child benefit as the foundation of a national child poverty strategy

Both Finance Minister Paul Martin, and the provincial social services ministers promised that the national child benefit would lay a permanent foundation for a national child poverty strategy. As a *foundation for a national child poverty strategy*, the proposed National Child Benefit System has some serious failings, but also two promising features.

- **It appears to signal a re-entry of the federal government onto the social policy stage and a potential strengthening of the federal government's role in income security for families with children.** At a time when other programs are either devolving to the provinces or are the subject of negotiations between the federal and provincial governments, the announcement of a new program in which the federal government plays a significant role must be seen as a positive development.
- **An expanded child benefit is an important first step in what could become a comprehensive national strategy to prevent and reduce child poverty.** Despite the modest initial downpayment, the proposed child benefit program has the potential to address seriously child poverty by putting in place, what the Caledon Institute (1997b) calls, “a guaranteed income for children.” It is widely recognized that a child benefit *alone* cannot end child poverty, but that it plays an important role in a comprehensive strategy to support families that includes policies in the areas of paid and unpaid work, social security and community services.

As the foundation of a national child poverty strategy, the National Child Benefit System announced in the federal budget also has the following fundamental failings.

- **The purpose and goals of the national child benefit are too limited and narrow.** Welfare reform is being passed off as a child poverty strategy. Promoting attachment to the labour force and making work pay are goals of welfare reform. A national child benefit and a national child poverty strategy must have a broader set of goals. Measured against the social responsibility goals outlined earlier, the national child benefit succeeds at reducing the *depth* of poverty for working poor families and easing the transition from welfare to work for those families at the margins. However, it does not explicitly express society's shared responsibility toward children, nor does it reduce poverty among social assistance families or protect the incomes of modest income families, thereby preventing child poverty.

- **The approach relies heavily on two unsubstantiated assumptions about the links between welfare, work and child poverty:** the low wage sector's capacity to reduce or prevent child poverty, and the significance of the so-called welfare wall as a barrier to leaving social assistance. As argued earlier, the work disincentive effect of social assistance has been greatly exaggerated. The social research does not support the case for the existence of a significant welfare wall. Similarly, the optimism about the low wage sector's capacity to address child poverty is unjustified. While extending child benefits to the working poor can reduce the depth of poverty, child benefits cannot, on their own, compensate for precarious employment and low minimum wages.
- **There is no clear strategy or commitment to reducing either the rate or the risk of poverty for families with children.** The national child benefit (and, as we will see later, provincial programs) have as their goals reducing the depth of poverty (i.e., moving families closer to the poverty line). Reducing child poverty has become synonymous with closing the poverty gap (the distance between actual incomes and the poverty line). This is not a very useful or ambitious indicator of success since even minimal benefits reduce the depth. A tougher measure of success would be a reduction in the rate of child poverty within a specific time period. Preventing child poverty has come to mean "minimizing the damage resulting from poverty," not keeping families from falling into poverty in the first place. The concepts of economic vulnerability and risk have not found their way into federal and provincial child poverty strategies. This is particularly important for women raising children alone who face one of the biggest risks of poverty of all groups in Canada.
- **Neither the federal nor the provincial governments appear to appreciate the magnitude of the investment required to address seriously child and family poverty.** The federal government's investment, at maturity, will probably be in the order of \$2 billion, the amount provinces now spend on social assistance in respect of children. This would provide a benefit of approximately \$2,500 per child per year. However, a national child benefit that both prevents and reduces child poverty (for all children in poverty, not just in working poor families) would require a significantly higher investment. Campaign 2000 estimates this amount to be about \$11 billion to provide a benefit of about \$4,000 per year. If other needed components were included, such as child care and improved child support, an investment of between \$15 billion to \$20 billion, or 2% to 2.5% of gross domestic product (GDP), would be needed (Novick and Shillington, 1996). The seniors benefit system (valued at \$23 billion in the year 2001) is the scale for a family income security system, not the \$7 billion horizon envisaged by the federal government at maturity.
- **The federal budget did not make a long-term commitment to address child poverty.** There was no road map, no specific plan and no targets. Finance Minister Martin's commitment to "provide additional resources -- as soon as we can afford it" is too soft. The subsequent commitment of an additional \$850 million was not unequivocal and gave no specific date for the investment.

The Canada Child Tax Benefit and re-investment framework

The Canada Child Tax Benefit

Strengths:

- At maturity, the National Child Benefit System has the potential to simplify administration and co-ordinate federal-provincial programs.
- The CCTB retains benefits for modest and middle income families at the same time as it increases benefits for low income families.
- It extends benefits to working poor families; to the extent that loss of benefits is a disincentive to take low paid jobs, it would reduce work disincentives and ease the transition from welfare to work for some families.
- The provinces and federal government have agreed that no family will receive less overall.

Weaknesses:

- By not extending the new benefit to families on social assistance, distinctions between “deserving” and “undeserving” poor are reinforced.
- Currently, about 55% of families on social assistance are headed by lone mothers. Given that only one third of working poor families have female lone parents, there appears to be a gradual shift from female lone parents to two-parent families²¹ in terms of who benefits.
- Without an investment in child care, even the narrow welfare reform goal will likely not be met, at least not without putting children at risk in unregulated, potentially low quality child care.
- Given that families receiving the CTB lose about \$170 million a year through partial deindexation (not being indexed to inflation), the \$600 just barely compensates for what has been lost since the Liberal party came into power in 1993.
- Even at maturity, the value of the benefit (\$2,500 per year) is too low. It would not entail a significant improvement to economically vulnerable families, although it would move low income families closer to the poverty line.

Allowing provinces to deduct from social assistance families and re-investing elsewhere

Strengths:

- A commitment exists to develop a re-investment framework that ensures a uniform basic level of income support for children across the country while providing for provincial/territorial flexibility and innovation (Department of Finance Canada, (1997b: p.10).
- The approach is responsive to provinces' demands for greater flexibility.

Weaknesses:

- The tension between the two major objectives of reform -- reducing child poverty and promoting attachment to the work force -- are being played out here. Allowing (or perhaps encouraging) the provinces to deduct the full value of the new benefit from social assistance is not compatible with a strategy that aims to reduce child poverty.
- Given the federal government's modest initial downpayment, the first problem is that there will be too little money to re-invest for it to have a real impact. The preliminary estimate by Human Resources Development Canada is that the initial amount available for re-investment will be in the range of \$300 million to \$450 million (between 50% and 75% of the \$600).
- In a post-CHST world where national programs and, consequently, the re-investment framework require the agreement of the provinces and the federal government, the concern is that the criteria will be too loose and broad in an attempt to keep all provinces happy. While this might promote federal-provincial harmony and goodwill, it will not necessarily result in decent, enforceable standards and criteria.
- In an ideological environment where child and family poverty may, in some provinces, be viewed as stemming from personal failure or parental irresponsibility, income programs from which the parents benefit may be seen as less acceptable and desirable than early intervention or school nutrition programs targeted directly at children. This could have negative consequences for parents, particularly mothers.
- There are concerns about the re-investment strategy.
 - There appears to be no way to enforce the re-investment agreement between the provinces and federal government under current funding arrangements.
 - Provinces may have too much flexibility with respect to what is considered worthy for re-investment (could be anything from income top-ups to services such as parent effectiveness training or school breakfast programs).

- It could result in a shift from income to service solutions as a way of addressing child poverty. Both income and services are needed. The fear is that service solutions might become a substitute for adequate incomes in some provinces.
- There could be tremendous variation/disparity across the country.
- It could end up with a patchwork approach to a national strategy which means that, in no province, will there be a comprehensive approach.
- Punitive conditions could be attached to social assistance (e.g., having to attend parent effectiveness training as a condition of social assistance).
- The strategy could be used to fund services to which provincial governments had previously committed themselves, rather than “new” programs.

In conclusion, the argument in favour of the re-investment strategy approach is the same as the one promoting greater devolution of responsibilities to the provinces: provincial governments need greater flexibility and control because this level of government is more directly connected to the needs of families and children in the provinces. This assumes that the developmental needs of children and the economic and social needs of parents vary significantly from province to province. There is no evidence to support this assumption. On the contrary, research literature on child development and the determinants of health, for example, point to a set of *common* conditions which have to be met to maximize healthy development for children and adults. At a general level, these include decent incomes, access to housing and health care, and supportive families and communities. While there are differences in circumstances, these vary across communities in Canada and *within provinces*, not necessarily across provinces. For example, addressing child and family poverty might require different strategies for rural as opposed to urban communities. This points to the need to have a significant federal government role in providing national assurances to families with children, as with health care and the seniors' income security system, in order to ensure an adequate and consistent living standard for all families with children in Canada.

Provincial child benefit programs²²

This is a tangible action to address child poverty ... provides a fair share for working families with children ... will level the playing field for these families by helping with the cost of raising children ... will make it easier for families with children to leave welfare and stay off, because they'll continue to receive benefits for their kids outside the welfare system (British Columbia, 1996: p.10).

We believe that the government must increase financial assistance across the board to low-income families, whether the parents work or receive income security, in order to bring them in line with recognized needs under our tax system. The system in place is lacking in terms of

incentives for parents to find work. As it stands now, parents who leave income security to take low-paying jobs lose their child benefits (Louise Harel, La ministre de la Sécurité du revenu, Québec).

Provincial child benefit programs vary in their structure and in the amount of benefits provided to the family. While it is too soon to assess their impact on child poverty rates, child benefit programs can reduce the poverty gap. A review of the BC Child Benefit program found that, in the first five months of the program, the poverty gap was reduced for all working poor families by 18%. For lone-parent families the reduction in the poverty gap was 25%. The review also found that there has been a substantial decline in the social assistance caseload, especially among lone parents (Mendelson, 1996).

The recent trend in three provincial child benefit programs has been to combine the children's portion of social assistance with a new child benefit program that provides benefits to both social assistance and working families. While this type of program benefits working families by supplementing their income, families on social assistance do not get an increase in the total amount of family income. The children's portion is simply delivered through a separate program. British Columbia was the first province to implement this type of program -- the BC Family Bonus, which has been in effect since July 1996. Quebec's integrated child allowance begins in September 1997 and Saskatchewan's Child Benefit Program is planned for 1998.

The goals of the new child benefit programs are to increase incentives, or reduce barriers, for families to make the transition from social assistance to employment because the child benefit continues to be provided to low-income families after they leave social assistance. The child benefit increases the incomes of working families and removes children from welfare by delivering the children's portion of social assistance through a program separate from welfare.

Three provinces currently provide, or are planning, other types of child-related programs. Manitoba offers an income supplement to low-income families with children; Alberta offers a tax credit to low-income working families; and New Brunswick has developed a child benefit and a working supplement. Following is a description of provincial child benefits and other child-related programs for those provinces which have recently introduced new programs (or are about to). Table 7 summarizes these programs.

TABLE 7: PROVINCIAL CHILD BENEFIT/WORKING SUPPLEMENT PROGRAMS FOR FAMILIES WITH CHILDREN

Province	Program	Eligible Families	Max. Benefit	Annual Income for Max. Benefit	Reduction Rate	Cut-off	Other Programs
British Columbia	BC Family Bonus	Low and modest income; working and social assistance	\$103/month/child	Up to \$18,000	20% of net income above \$18,000 (2 or more children); 10% of net income above \$18,000 (1 child)	\$32,000/ 1-2 children; \$40,000/3 children; \$48,000/4 children; \$56,000/5 children	Healthy Kids (dental and vision care for all low-income families)
Alberta	Alberta Employment Tax Credit	Low and modest income working families	\$250/year/child to max. \$500 per family (credit to double in 1998)	\$12,750 to \$25,000	Phased in at \$6,500 and partial credit up to \$12,750; partial credit from \$25,000 to \$37,500	\$37,500; to be increased to \$50,000 (2 or more children) in 1998	
Saskatchewan	Family Income Plan	Low income working families	\$105/month/child (to be increased to \$120 in May 1997)	Up to \$10,200	Benefit reduced 40 cents for each dollar earned above \$850/month		Saskatchewan Child Benefit and Saskatchewan Employment and Maintenance program to replace FIP in 1998
Manitoba	Child Related Income Support Program	Low income working families who receive the Child Tax Benefit	\$30/month/child	Up to \$12,384	Annual benefits are reduced 25 cents for each dollar of net family income over \$12,384		
Quebec	Integrated child allowance (in Sept. 1997, the ICA will replace all current family allowances)	Low and modest income; working and social assistance	Couples: \$975/year/child Lone parents: \$2,275/year (first child) \$975/ additional child	Couples: up to \$21,000 Lone parents: up to \$15,000	50 cents for every dollar of income above \$21,000 (couples) and \$15,000 (lone parents) to a min. of \$131 (1 child) and \$305 (2 children)	\$50,000 - \$52,000 (depending on the number of children)	Parental Wage Assistance (for families with at least \$100/month work income; max. benefit: \$2,843/couple \$1,948/single)
New Brunswick	New Brunswick Provincial Child Benefit	Low income working and social assistance families	\$250/year/child	Up to \$20,000		\$20,000; families with 3 children can receive benefit up to \$30,000	NB Working Income Supplement (\$250/year for families with incomes up to \$20,000)

British Columbia

With the introduction of the BC Family Bonus, in July 1996, B.C. became the first province in Canada to create a child benefit that went to families receiving welfare and to working poor families. This initiative reduced the depth of child poverty by increasing the income for working poor families, and also helped to make work a better deal than welfare (Dennis Streifel, Minister of Human Resources, British Columbia).

The BC Family Bonus is a child benefit program which provides a monthly benefit of \$103 per child for families with net annual incomes up to \$18,000. The benefit is extended to both working families and those receiving social assistance. For families on social assistance, the BC Family Bonus replaces the children's portion of social assistance. In other words, social assistance families have their benefit reduced by the same amount as the value of the child benefit, leaving them no better off. Depending on the number of children, families with net incomes up to \$56,000 may be eligible for partial benefits. However, 84% of the benefits go to families with incomes below \$30,000 a year. The program is delivered by Revenue Canada on behalf of the province, through the current Child Tax Benefit delivery system. Families receiving the BC Family Bonus also receive the federal CTB. In addition to the BC Family Bonus, the province has introduced a new dental and vision care program, BC Healthy Kids, for children in low-income working families.

Alberta

To help low to middle income families provide for their children through their own work effort, we propose a refundable employment tax credit for families with children (Alberta, 1996).

The Alberta Employment Tax Credit is directed to families with children and is based on the number of children in the family. Under this credit, a family with children will receive a personal income tax credit of eight cents for each dollar of family employment income above \$6,500, including self-employment income. The maximum credit of \$1,000 will be phased in, with a maximum of \$250 per child and a maximum of \$500 per family in 1997. Beyond 1998, the maximum credit will rise to \$500 per child to a maximum of \$1,000 per family. For families with net annual incomes higher than \$25,000, the credit will be reduced at a rate of four cents for each dollar earned. When fully implemented in 1998, the credit will benefit families with incomes up to \$37,500 (one child) and \$50,000 (two or more children).

Saskatchewan

Proposed changes to Saskatchewan programs would reduce barriers and disincentives to work in social assistance, and improve incentive structures to all low-income families. We hope that these changes will help parents take advantage of work opportunities, and thus produce a sustainable long-term reduction in child and family poverty. We are also interested in measures

which would encourage more consistent maintenance support by non-custodial parents for the benefit of children in low-income families (Lorne Calvert, Minister of Social Services, Saskatchewan).

Under its Family Income Plan, which has been in existence since the 1970s, Saskatchewan pays up to \$105 a month for each of the first three children in a family and up to \$95 a month for each additional child. The maximum monthly benefit was increased to \$120 a month in May 1997. The benefits under this income-tested program are non-taxable income supplements. Saskatchewan is the only province which does not consider the Child Tax Benefit to be exempt income in the calculation of welfare benefits. Therefore, the value of the family allowance component of the Child Tax Benefit is deducted from its welfare payments.

In anticipation of the new national child benefit, Saskatchewan has been developing its provincial counterpart. The Saskatchewan Child Benefit will replace the Family Income Plan in 1998. The new benefit will be targeted to low income families. It will replace the children's portion of social assistance payments, thus "removing" 34,000 children from welfare. Although it is likely that social assistance rates will be reduced by the same amount as the new child benefit, the amount of the benefit has not yet been finalized. The Saskatchewan Child Benefit is expected to be more responsive than other provincial and federal benefits because it will be based on income earned in the current year, rather than on the past year's income.

In addition to introducing the new child benefit, Saskatchewan will provide an earned income supplement as an incentive to parents to increase earnings and/or pursue child maintenance payments. This is the first program in the country to include an incentive to pursue child support payments, since these payments will be considered earned income. The monthly top-up will depend on the number of children in a family and the amount of income earned.

Manitoba

The Manitoba Child Related Income Support Program (CRISP) is a non-taxable monthly supplement provided to low income families. The maximum benefit of \$30/month/child is available to families with children who receive the Child Tax Benefit and who have net annual incomes of \$12,384 or less. Annual benefits are reduced 25 cents for each dollar of net family income over this level. A change to the program in July 1996 resulted in families on social assistance no longer being eligible for CRISP benefits. This did not affect the total income of these families as their social assistance benefits had previously been reduced by the amount of CRISP benefits received.

Quebec

The government has thus announced the creation of an Integrated Child Allowance. This will provide all low-income families, whether on income security or not, with maximum levels of assistance for their children.

Currently, only families on income security receive the full amount. The Integrated Child Allowance will vary depending on family income and the number of children in order to restore fairness between income security recipients and low-income workers. The creation of an integrated allowance will make it more attractive for a parent receiving benefits to look for a job than is currently the case since the needs of their children will continue to be covered. Moreover, the closing of the gap between income security and low-income families with regard to financial support for children will encourage workers to remain in the labour market (Louise Harel, La ministre de la Sécurité du revenu, Québec).

The province of Quebec has recently announced a new integrated child allowance. This new allowance is intended to cover all the essential needs of the children of low income earners, whether the parents are receiving social assistance or employment income. It will combine all Quebec family allowances and the portion of the social aid benefit that covers children's needs. Currently, the province provides a variety of family allowance programs to low income families, over and above the federal Child Tax Benefit. The payments vary with the age of the child and the number of children in the family. Quebec also offers an earnings supplement, the Parental Wage Assistance program, to low income workers with children.

New Brunswick

The New Brunswick Child Tax Benefit has recently been introduced and will take effect in October 1997. The maximum annual benefit of \$250 for each child will be provided to families with less than \$20,000 net income. Depending on the number of children, families with incomes up to \$38,000 may receive partial benefits. It will be administered by Revenue Canada as part of the existing federal Child Tax Benefit program. Although the benefit will be available to both low income working families and those on social assistance, it will not be integrated with the children's portion of the social aid benefit. In other words, it will be a separate program from social assistance. The program is expected to assist about 50,000 families.

The New Brunswick Working Income Supplement will be a program for working families with dependent children and employment income between \$3,750 and \$25,921. The benefit will consist of a payment of up to \$250 annually. It is expected that 24,000 families will benefit from this program. Some families will receive money under both programs. The credits will be processed automatically when people file their income tax returns and apply for the federal credits.

Provincial social assistance reform

Across the country, provinces have been carrying out major changes to provincial social assistance programs. Although some began to reform their social assistance programs prior to the CHST, the elimination of CAP has made the restructuring process much easier for the rest of the provinces. In some cases, it allowed them to introduce programs, which would not have been possible under CAP, such as workfare.

Despite differences in political ideology, provinces have similar approaches toward welfare reform. All are focused on reducing costs, tightening eligibility, and developing more effective welfare-to-work programs. There are, however, some significant differences as well.

One approach is evident in the provinces of Alberta and Ontario. In both cases, drastic reductions have been made to social assistance rates for families with children. Alberta's social assistance rates are the lowest in the country relative to the poverty line. Lone parents receive just 50% of the low income cut off and couples receive 55%. Lone parents on social assistance are considered employable when their youngest child is just 6 months old. Furthermore, minimum wages in Alberta are the lowest in the country and have not been increased since 1992.

In Ontario, only seniors and the disabled were excluded from the 21.6% cut in social assistance rates. Other cuts to programs in Ontario were clearly targeted at women: "counselling programs for assaulted women, shelters, childcare and recreation programs for children, services for female ethnic minorities, pay equity, maternity homes for young mothers-to-be – top the list of Ontario's cut and terminated programs" (Lightman and Baines, 1996: p.146). Additionally, the re-introduction of a 'spouse-in-the-house' rule in Ontario has resulted in the perpetuation of women's financial dependency on social assistance without being able to establish an ongoing relationship, or conversely, ensuring women's economic dependency on men (Lightman and Baines, 1996).

Other provinces are taking a more positive approach in dealing with social assistance reform. As described earlier, several provinces have introduced child benefit programs in an attempt to address child poverty. British Columbia, Saskatchewan and Quebec have developed child benefit programs which remove the children's benefit portion from social assistance and deliver it through a new program to all low-income families. Although social assistance recipients do not get an increase in their annual income, these programs address the poverty of working poor families and are a step forward in the acknowledgment that social assistance is not an appropriate program to support children. In addition, these three provinces address family poverty and support family life in other ways. British Columbia has the highest minimum wage. Saskatchewan is raising not only the provincial minimum wage, but also the wages of people (most of whom are women) who do "caring" work: child care workers and front-line workers in shelters and homes (Saskatchewan Budget Highlights, 1997-98).

Finally, Quebec is the only province with a comprehensive family policy.

We consider it important to continue providing universal family assistance ... we realize that it is essential to help parents reconcile family life with work, studies or the need to find a job. To do so, we propose to set up top-quality educational and day care services that will be financially accessible for parents and stimulating for children. We also plan to make maternity and parental leave more widely available, more equitable and more generous (Québec, 1996: p.v).

Quebec recently announced improvements in early childhood services and financial support for families. These changes include full-time kindergarten for all five-year olds and implementation over six years of low cost child care services for all young children whose parents are engaged in occupational or educational activities. Enhanced financial support for families includes the integrated child allowance (in addition to the parental allowance income supplement) as well as a “parental insurance” program: a benefit funded by employers and employees, including the self-employed, which will provide 75% of net employment income for 25 weeks when children are born (Québec, Le premier ministre, 1996).

Reasons for social assistance reform

The purpose of the review was to gain an understanding of the rise in expenditures e.g. was it driven by volume (more people), price (increased rates), duration (people staying on longer) or a combination (David Sloan, Minister of Health and Social Services, Yukon).

Coming out of the current recession, we have four times as many people in the welfare system, and our costs are more than 6 times higher [than in 1982] (Ontario Progressive Conservative Party, 1995: p.9).

Social assistance reform has included reducing benefit rates and related in kind benefits, tightening eligibility and welfare-to-work requirements.²³ All provinces have been experiencing rising costs in their welfare systems. This has been a direct result of high levels of unemployment and, we would suggest, exacerbated by recent federal changes to the employment insurance system. At the same time that welfare caseloads were increasing, the provinces began to perceive their social assistance programs as being “passive” income security programs which perpetuated dependency. The programs were seen as providing little opportunity or incentive to leave the system and enter the labour market.

We’ve stopped the historic and costly growth in welfare caseloads by tightening eligibility, reducing fraud, and helping people move from welfare to work (Andrew Petter, Minister of Finance and Corporate Relations, British Columbia).

People will work for their welfare cheques starting this September (Ontario Ministry of Community and Social Services news release, June 12, 1996).

We are truly moving social assistance in this province from a hand-out to a hand-up. This program [Ontario Works] is dedicated to helping people break the cycle of dependency on welfare created by previous administrations (David Tsubouchi, Ontario Minister of Community and Social Services, June 1, 1996: p.1).

From Passive to Active Programs

The mandate of HRD-NB is client self-sufficiency; we need to encourage our clients to see themselves as productive individuals who recognize their responsibility to provide for their families whenever possible (Marcelle Mersereau, Minister of Human Resources Development, New Brunswick).

The direction being pursued with respect to this province’s income assistance program is toward a more active programming approach and contracting with clients, including single parents, on employment goals (Joan Marie Aylward, Minister of Social Services, Newfoundland).

That’s why our plan includes a commitment to invest \$500 million in new and innovative programs to help those most in need and those who genuinely want a hand up, not a hand-out (Common Sense Revolution, Ontario).

In emphasizing a shift from “passive” to “active” social assistance programs, most provinces are allocating more funds to the “active” element of social assistance, such as employment training and welfare-to-work programs, while reducing the “passive” component of income support.

Only Ontario refers to its welfare-to-work program as workfare, although all provinces include some degree of required participation in job training or job search programs. Several provinces have implemented benefit reductions for people who do not meet employment or training expectations.

The emphasis on shifting dependence for income from the state to the labour market is based on assumptions about the availability of jobs and the “incentives” needed by social assistance recipients to find employment. The predominant view is that jobs are available and, given certain “incentives,” social assistance recipients can move from welfare to employment. However, as Table 8 shows, unemployment rates are high in most provinces, with half the provinces experiencing rates of 11% to 20%.

TABLE 8: UNEMPLOYMENT RATES BY PROVINCE, 1997

Province	Unemployment Rate, %
Newfoundland	20.0
Prince Edward Island	16.0
Nova Scotia	13.5
New Brunswick	13.4

Quebec	11.9
Ontario	9.1
Manitoba	6.7
Saskatchewan	6.2
Alberta	6.8
British Columbia	8.6
Canada	9.7

Source: Prepared by CPAG, using Statistics Canada data.

Rate reductions

All the provinces have either reduced basic rates for social assistance and/or reduced other related benefits over the last few years.²⁴ Alberta and Ontario made the most drastic reductions affecting families with children. Alberta's social assistance benefits were reduced by 13% in 1993 and Ontario's benefits were cut by 21.6% in 1995. Several other provinces reduced rates for single employable adults but have maintained benefits for families with children. These include British Columbia, Quebec, Nova Scotia and Prince Edward Island. New Brunswick and Manitoba are planning to increase benefit rates slightly for families with children and for individuals with disabilities.

Welfare rates in all the provinces are well below Statistics Canada's low income cut offs. Table 9 shows provincial social assistance rates in 1995 compared to the Statistics Canada low income cut offs. Welfare incomes for lone-parent families ranged from a low of 50% in Alberta to a high of 75% in Ontario. For two-parent families, the range was from 48% in New Brunswick to 69% in Prince Edward Island. Although Ontario's 1995 rates for families with children were closer to the low income cut offs than most other provinces, the current rates are far lower because the 1995 rates do not include the entire 21.6% rate reduction.

TABLE 9: ADEQUACY OF WELFARE BENEFITS, 1995

Province and Family Type	Total Welfare Income	Low Income Cut Off*	Total Welfare Income as % of Low Income Cut Off
Newfoundland			
Single parent, one child	\$12,989	\$18,835	69%
Couple, two children	\$14,834	\$27,561	54%
Prince Edward Island			
Single parent, one child	\$12,285	\$18,399	67%
Couple, two children	\$18,511	\$26,927	69%
Nova Scotia			
Single parent, one child	\$12,271	\$18,835	65%
Couple, two children	\$15,120	\$27,561	55%
New Brunswick			
Single parent, one child	\$11,151	\$18,835	59%
Couple, two children	\$13,256	\$27,561	48%
Quebec			
Single parent, one child	\$13,105	\$21,442	61%
Couple, two children	\$16,104	\$31,383	51%
Ontario			
Single parent, one child	\$16,042	\$21,442	75%
Couple, two children	\$21,070	\$31,383	67%
Manitoba			
Single parent, one child	\$11,331	\$21,442	53%
Couple, two children	\$19,422	\$31,383	62%
Saskatchewan			
Single parent, one child	\$12,091	\$18,835	64%
Couple, two children	\$17,451	\$27,561	63%
Alberta			
Single parent, one child	\$10,800	\$21,442	50%
Couple, two children	\$17,367	\$31,383	55%
British Columbia			
Single parent, one child	\$13,699	\$21,442	64%
Couple, two children	\$17,906	\$31,383	57%

Notes: If the 1992 Statistics Canada low income cut offs were used, the numbers would be slightly higher and the adequacy slightly less.

* Statistics Canada low income cut offs for the largest city in each province (1986 base).

Source: Adapted from National Council of Welfare (1997b) using Statistics Canada data.

From mother to worker

In the past, most government programs have treated single parents – in particular single mothers – as “unemployable” ... we’re changing that direction. Instead of putting barriers in people’s way, we’re providing reasonable incentives and the tools they can use to find jobs and enjoy satisfying careers (Human Resources Development Canada, September 9, 1994: p.1).

One of the most notable changes in social assistance eligibility rules has been the employability status of single parents, mainly lone mothers. This is a significant shift in

social policy not only because different rates apply to the employable vs. unemployable categories but, more important, it signals a shift in the value placed on parenting. Many provinces now classify lone mothers as unemployed workers even when their children are very young. Alberta is the most extreme in this regard, by considering lone mothers employable when their youngest child reaches 6 months of age. Table 10 lists the provinces which have made recent changes in the employability of female lone parents. All other provinces do not have a specific age of youngest child at which lone parents are considered employable. These provinces state that, although lone parents are expected to pursue employment where possible, each family is assessed on its individual circumstances. These provinces assist lone parents to find employment or training while the family is receiving social assistance.

TABLE 10: EMPLOYABILITY OF FEMALE LONE PARENTS BY AGE OF YOUNGEST CHILD

Province	Age of Youngest Child	
	Current	Previous
Quebec	2 years*	6 years
Ontario	3 or 6 years**	18 years
Manitoba	6 years	18 years
Alberta	6 months	2 years
British Columbia	7 years	19 years, then 12 years
Yukon	2 years	5 years

Notes:

* To be phased in over the next five years.

** To be introduced with the next phase of Ontario Works (workfare program).

Several provinces claim that the reason for requiring female lone parents to find employment is to promote labour force attachment for women who would otherwise spend many years out of the labour market and subsequently face difficulty finding employment. However, lone mothers spend considerably less time on social assistance than is commonly thought. The Ontario Social Assistance Review Committee (1988) report found that the length of time lone parents receive social assistance is between one and four years. Furthermore, lone parents with preschool children remain on assistance for shorter average periods than those whose children are already in school when they enter the program. In British Columbia, the majority of lone parents need assistance for a short time, on average one year, prior to moving into training programs or employment.

The expectation of employment for lone mothers is an area that is shifting to “gender neutrality.” As discussed earlier, this shift represents a withdrawal from providing entitlements based on the role of “mothers” to defining female lone parents as workers and ignoring women’s child care responsibilities. Furthermore, this shift “is occurring at the same time that child care provision is deteriorating across most provinces, when training dollars for women are in decline, and job opportunities are increasingly limited to those that offer non-standard employment” (Evans, 1997: p.139).

The value and legitimacy of caring for children

The Child Poverty Action Group asked social services ministers the following question:

Everyone agrees that employment for parents is a critical element in addressing child and family poverty, although there are some differences of opinion about whether single parents of young children should be in the labour market full-time. Do you think single parents with young children should be expected to be in full-time paid employment?

If yes, what supports would they need? If no, do you think social assistance is an appropriate and adequate way of addressing the income needs of single parents who are not expected to be in the labour market (e.g., until the youngest child reaches a certain age)?

A few provinces stressed the importance of parental care during the first few years of a child's life but stressed that there must be a balance between the value of at-home parental care and the importance of minimizing time away from the labour market. Most provinces focus on programs to assist lone parents to make the transition from social assistance to employment. Most respondents said that social assistance was not an appropriate form of income security for families with children; it was a residual, last-resort source of income support and had a number of shortcomings, including the demoralization of beneficiaries and discouragement of productive activities which would benefit both recipients and society in general over the long term. The provinces recommended that preferable means of support include employment, maintenance payments, income supplements and income tax measures.

Finally, the response from New Brunswick is illuminating.

Many parents, whether they are on social assistance or not, would dearly love to be at home with their children when they are preschoolers. Unfortunately, today's economic reality precludes this option for many parents, whether they are married or single. Their income supports their families and we admire their ability to juggle employment with the awesome responsibility of raising children; particularly those single parents who do so alone. *I do not think it is fair then to expect single parents on assistance not to seek employment when so many other parents who would also like to be at home with their children cannot because they do work.* I do not think that New Brunswick taxpayers would accept a policy that said that certain parents can stay home with their children and receive assistance while the rest must work to help support these individuals (Marcelle Mersereau, Minister of Human Resources Development, New Brunswick).

Minister Mersereau has identified a dilemma in public policy: why should some women receive an income to remain at home caring for children (i.e., those on social assistance), while others must earn their living through paid work, while paying child care and taxes? There are two ways to address this seeming inequity. One is through a process of negative equity that would bring everyone down to the lowest level. In other words, *no one* should be

receiving tax-supported income transfers to remain at home raising children. This appears to be the position of an increasing number of provincial governments.

Another, more positive, approach is to extend the opportunity to play a more active parenting role during the child's early years to a broader group of parents, both men and women. If Canadian society recognized the value and legitimacy of caring for children, family policies could be put in place which supported parents' choices about how to care for their children. We agree with Canada's social services ministers that social assistance is not an appropriate program for parents raising young children. However, requiring early labour market entry into the low wage sector is not the only alternative and may, in fact, not be the best. For lone mothers in particular, it may not even be a viable option unless affordable child care arrangements are available. Several income program proposals are described in the next section which could both act as an alternative to social assistance for lone mothers raising young children, and also extend parental leave options for other parents.

CONCLUSION AND RECOMMENDATIONS

Addressing the barriers to women's social and economic equality: major conclusions

The relationship between child and family poverty and the economic vulnerability of women has never been under dispute. The persistently high level of poverty among Canadian mothers raising children alone is compelling evidence of that link. However, women and children in families with two parents have also experienced an increased risk of poverty because of the polarized and precarious labour market.

This report has highlighted how intrinsically women's economic well-being is tied to the conditions in which children grow up. Several factors are at the root of both women's economic vulnerability and child poverty.

- The labour market has a shrinking number of decent, secure jobs at wages which will allow parents to support their children.
- Women continue to be inadequately supported as both mothers and workers. Women are concentrated in the lower paid job sector, while continuing to have primary responsibility for raising children.
- The social security system has had to compensate for falling market incomes at the same time as it has had to contend with government funding cuts.
- Fragile and underdeveloped family policies treat children as a private responsibility, rather than a shared one between the parents and the state.

This report began with the contention that the absence of strong family policies remains a barrier to women's social and economic equality. It is, therefore, reasonable to ask in conclusion: *to what extent do Canada's child poverty strategies help create family support policies that promote women's equality?*

From a review of federal and provincial child benefit and related programs, we have identified the following major shortcomings.

1. **The scale of the child benefit is inadequate to address the economic vulnerability of women.** The goal of the federal and provincial child benefit schemes is to bring people closer to the poverty line (i.e., reduce the depth of poverty). Given the substantial risk of poverty for women, lone mothers in particular, the value of a child benefit must be pegged at an amount that would also prevent families from falling into poverty in the first place.

2. **There is no serious assessment of the capacity of local labour markets to address the poverty and economic vulnerability of women with children.** Nearly 17% of women working full-time earn less than \$15,000 a year, according to Statistics Canada. Women, as we know, are overrepresented among low wage and part-time workers. Relegating women to the low wage labour market, even with a child benefit, will not address their poverty and vulnerability. Equal attention must be paid to addressing local and national labour market failings.
3. **The value and legitimacy of caring for young children is generally not recognized.** The trend toward redefining lone mothers with preschool children on social assistance as employable and/or denigrating them as dependent is one reflection of the low value accorded to caring for children. Another is the fact that subsistence-level social assistance is the only income program available to parents (most often women) caring for young children who are not in the paid labour force.
4. **The importance of child care as a critical component in a national child poverty strategy is not taken into account.** Affordable, high quality child care is a prerequisite to any strategy to support working families and address the economic vulnerability of women. A child benefit and adequate child care complement each other; a child benefit should not be seen as an alternative to child care.
5. **The importance of the federal government's role in building and maintaining a national framework to support women with children is underestimated.** The need for greater provincial flexibility and control is justified on the grounds that this level of government is more directly connected to the needs of families and children in their provinces. This perspective does not recognize the common needs of children and their parents across Canada and that these do not vary from province to province. Without a national framework maintained by a strong federal government presence, it is unclear how consistency can be achieved across Canada, given the different fiscal capacities and political cultures of the provinces. While the provinces have a role to play, Canadians still look to their federal government to shape a national vision and enforce national values.

Toward a national social responsibility framework: policy proposals

To prevent and alleviate child poverty, reduce gender inequalities and address the economic vulnerability of women, a comprehensive set of policies and programs is needed in the following areas.

- Sustaining employment opportunities for women and men, including a living minimum wage; employment-related social insurance programs; work redistribution and work-sharing policies; benefits for part-time workers; employment equity and anti-discrimination provisions; and parental and training leaves.
- Community support system, including early child development and child care; family resource centres; crisis facilities; and supportive housing.

- A social security system which reflects the proposed social responsibility model and includes the following essential elements. A summary of recent proposals which meet these goals is presented in Table 11.

1. **A child benefit** to prevent and reduce child and family poverty; express the principle of public responsibility for the care of children; and recognize the additional costs all families incur by raising children. CPAG (1994) proposed that the value of a *progressive children's benefit* be pegged at an amount that would protect and enhance the living standards of both modest and low-income families. Building on this approach, Novick and Shillington (1996) proposed a benefit valued at \$4,200 per year per child (see Table 11).

Both CPAG's and Novick and Shillington's proposed child benefits would be available to all or most families, with low income families receiving the full amount. In both proposals, families at median incomes would still receive significant benefits in recognition of the important role of a child benefit in preventing poverty by protecting family incomes. In the Novick and Shillington proposal, for example, a family with two children at a family income of \$45,000 would receive \$3,000 in benefits (i.e., about three times what such a family receives now).

Mendelson's (1996) proposal is for a universal family allowance for every family in recognition of society's responsibility to share in the costs of child rearing; and an income-tested family supplement to augment the family allowance (see Table 11).

2. **An income support program which recognizes the value and legitimacy of caring for young children.** Both CPAG (1994) and Campaign 2000 (Novick and Shillington, 1996) have made specific proposals for income support programs which would expand family time options, recognize the value of caring for young children and offer an alternative to social assistance for lone parents. CPAG proposed a three-part program which included an *income-tested family leave allowance* which would replace provincial social assistance for parents with preschool children. The allowance would be available, on a prorated basis, for parents wishing to work part-time. "Making part-time work financially viable during the child's early years" is one of the goals of the CPAG proposal. The comprehensive parental leave/family leave allowance would fill all or part of the gap between part-time and full-time earnings. In addition to giving parents choices many currently do not have, such a program would also help in the transition from social assistance to paid employment.

Shillington and Novick proposed a *family care supplement* as a component of a comprehensive child benefit system, which would "remove parents caring full-time for young children from subsistence living on social assistance." The program would top up the basic child benefit for lone parents and couples on limited earnings, similar to the Guaranteed Income Supplement for seniors.

Mendelson's *participation wage* is an alternative to social assistance which would complement the minimum wage. Although not specifically designed as a support to

families with children, the concept of participation could be expanded to include raising children.²⁵

3. **Child support advanced maintenance or assurance system** to protect children and women from the loss of basic income resulting from separation and divorce. Depending on the design, such a system would advance the court-ordered child support payment to the custodial parent (usually the mother) and then recover the amount from the non-custodial parent and/or guarantee a certain minimum payment.

Recommendations

1. In order to strike a balance between the national child benefit's two goals of reducing child poverty and promoting attachment to the labour market, we recommend that all low income families with children should see an improvement in their incomes, whether their parents find themselves on social assistance or are working. The provinces and federal governments should agree that all families on social assistance be able to retain at least 50% of the value of the enhanced federal benefit.
2. In order to recognize the value and legitimacy of caring for young children and the special hardships of women (and men) caring for children alone, we recommend that lone parents with preschool children on social assistance should benefit fully from the federal enhancement. Lone mothers (and fathers) for whom there is no labour market expectation should not have any of the amount of the enhanced federal benefit deducted from their social assistance entitlement, in recognition of the important unpaid work being performed by parents raising children.
3. In order to protect the value of the enhanced benefit, fully index the Canada Child Tax Benefit to inflation.
4. Develop a specific plan with targets and benchmarks which would include achieving a 50% reduction in the rate of child poverty within five years.
5. Improve the child benefit so economically vulnerable women and other modest income families will see an improvement in their benefits by the year 2000. A commitment should be made to move toward a national child benefit system which provides significant benefits to families at modest and median incomes.
6. The development of an action plan on child care and the introduction of family leave or family supplement programs which would complement the national child benefit and serve as an alternative to social assistance for parents with preschool children (see descriptions above).
7. Establish targets and develop plans for increasing the supply of good jobs at decent wages. A national plan to reduce child poverty must include strategies to increase the supply of good jobs in communities.²⁶

TABLE 11: THREE PROPOSALS TO SUPPORT FAMILIES WITH CHILDREN

<p>1. A progressive children's benefit consisting of:</p> <ul style="list-style-type: none"> • A non-taxable benefit of \$3,000 per year per child, an amount equal to about 50% of the cost of raising a child. Low income families (below \$25,921) would receive the maximum benefit and modest income families would receive about half the maximum benefit. • A tax credit to a maximum of \$600 per child per year (about 10% of the cost of raising a child) for those families not receiving the children's benefit to recognize the costs of raising children and to achieve horizontal equity in the tax system between people with and without children. <p>3. Extended parental leave, family leave allowance and community child care program consisting of:</p> <ul style="list-style-type: none"> • A 12-month universal parental leave benefit per child to be taken by either parent or shared between parents. • A family income-tested, federally funded family leave allowance which would provide an income guarantee for parents not eligible for the above parental leave. • Community child care that is universally accessible, comprehensive, high quality and publicly funded. <p>4. Child support assurance program with the following components: a guaranteed child support benefit, a child support guideline and advance payment in case of default. (CPAG, 1994)</p>	<p>1. A comprehensive child benefit system including:</p> <ul style="list-style-type: none"> • An enhanced benefit would provide support of \$4,200 per child to the poorest of families. The value of support would be reduced by a proportion of family income over \$18,000. The value of the basic child benefit would reduce to zero for higher income families, but a non-refundable tax credit would assure that all families receive public recognition for the social contribution of parenting. • A family care supplement to be provided to lone parents and couples with preschool children. It would top up the basic child benefit to the poverty line. The support level would be reduced by 50% of income from other sources. • An advanced maintenance payment system for child support payments which would advance half of child support payments to modest and low income custodial parents and the federal government would receive the full amount from the non-custodial parent. <p>2. A comprehensive early development and child care system. A national fund would be designated to fill major gaps in early development and child care programs.</p> <p>3. A national youth education endowment plan consisting of a public endowment of up to \$20,000 for every young person, particularly those from working families, to help finance post-secondary education. (Novick and Shillington, 1996)</p>	<p>1. A universal family allowance: every family would receive a flat, non-taxable benefit for each child equal to the societal share of the cost of child rearing.</p> <p>2. A family supplement consisting of an income-tested supplement to augment the family allowance, would be an amount set to provide approximately the cost of raising a child in dignity when combined with the allowance. This supplement would be available to everyone, both working poor and families on social assistance and would resolve the problem of wages not reflecting family size.</p> <p>3. A participation wage would be a new type of social assistance that would complement the minimum wage.* It would be designed to integrate fully into the labour market, resembling a wage as closely as possible. In combination with other income security programs and low unemployment, the participation wage would be truly a last resort program with only a very few families relying on it at a time.</p> <p>* In addition to the above programs, a minimum wage would be set at a socially acceptable minimum rate of earnings as well as a coherent and self-financing social insurance program. (Mendelson, 1996)</p>
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ENDNOTES

- ¹ This contention is supported by a Statistics Canada survey which found that Canadians' "attitudes toward women, work and family are somewhat contradictory." (Statistics Canada, Canadian Social Trends, Autumn 1997)
- ² Research by both the Canadian Council on Social Development (Lochhead and Shalla, 1996) and Campaign 2000 (Novick and Shillington, 1996) has revealed that 60% of Canadian families with children saw a decline in their incomes from employment during the decade 1984 to 1994.
- ³ "Child poverty" and "child and family poverty" will be used interchangeably throughout this report. As observed by Ross et al., (1996), "*child* poverty is *family* poverty, since young children are not expected to support themselves ... [T]ackling child poverty means tackling family poverty [by] examining the environmental conditions that keep parents from receiving adequate incomes." (p.2)
- ⁴ Although dividing European family policy into two broad types is sufficient for this analysis, it is recognized that finer distinctions can and have been drawn. For example, Schunter-Kleemann (1995) distinguishes six types of European "capitalist-patriarchal" welfare regimes.
- ⁵ Eichler's (1997) social responsibility model of the family has contributed significantly to the development of this framework. However, her model includes dimensions which are beyond the scope of this paper, such as unit of administration, assumptions regarding the legal status of marriage and heterosexuality/homosexuality.
- ⁶ For a useful discussion of the respective roles of families, workplaces, communities and governments in supporting families, see the Forum Directors' Report in *National Forum on Family Security* (CCSD, 1996).
- ⁷ The concept of children's distinct claims is also recognized in child welfare laws.
- ⁸ Horizontal equity means that the tax/transfer system should provide benefits to all families with children in recognition of the fact that parents bear heavier financial burdens than childless families or single individuals. Since the elimination of the universal family allowance in 1993, Canada is the only industrialized country that does not recognize that families with children have greater costs. From Novick and Shillington (1996).
- ⁹ Economically insecure Canadians include the unemployed, as well as those who express concern over their financial situation or their economic future and/or who believe they will lose their job in the near future.
- ¹¹ For a fuller discussion of the meaning of poverty debate, see Sarlo (1992), Mitchell and Patterson (1990) and Ross et al., (1994).
- ¹² See McGrath (1997) for an interesting and useful exploration of some of the issues discussed here, including the role of right-wing think tanks in influencing the discourse on child and family poverty.
- ¹³ The fact that the federal government is well ahead of target on deficit reduction reinforces the position of those who argued that cuts to social programs were unnecessary.
- ¹⁴ See, for example, *Profile of a Changing World* (Municipality of Metropolitan Toronto, 1997), a joint project of the Social Planning Council of Metropolitan Toronto, the City of Toronto and the Municipality of Toronto, for a detailed account of the impact of both federal and provincial government cuts on social agencies in one large urban centre.
- ¹⁵ For an analysis of the impact of the CHST on women receiving social assistance, see Martha Jackman (1995).
- ¹⁶ One problem with CAP was that it would not cost share income-tested programs, such as provincial child benefits.
- ¹⁷ It should be noted that the 1995 federal budget strengthened equalization payments for most provinces at the same time as it introduced the CHST. Equalization payments are, however, unconditional and do not necessarily pay for social programs. For a useful discussion of the impact of the CHST on national equity, see Boadway (1995) and Baker Collins (1996).
- ¹⁸ Information relating to provincial budgets come from CPAG's analysis of 1996 provincial addresses and related materials.
- ¹⁹ At the time of writing, provincial premiers are meeting in New Brunswick to discuss, among other matters, a rebalancing of Confederation. The provinces' discussion paper, entitled "New Approaches to Canada's Social Union," (Provincial/Territorial Council on Social Policy, 1997), presents various options for intergovernmental co-operation.

- ²⁰ It should here be noted that the provinces, in response to this concern, have agreed that welfare families will not be worse off as a result of the newly proposed National Child Benefit System.
- ²¹ At the time of writing, we have just received from HRDC statistical breakdowns of the likely “winners” and “losers”, which we are in the process of reviewing.
- ²² Unless otherwise indicated, quotes by Ministers are taken from responses to the survey in Appendix A.
- ²³ For detailed reports on welfare reform see NAPO, (1996); and National Council of Welfare, (1997a).
- ²⁴ Recent reports have highlighted the impacts of provincial cuts to social assistance on recipients (NAPO, 1996; OSSN, 1996).
- ²⁵ Terrance Hunsley’s 1997 study of lone-parent families in selected countries reinforces the need for these policies. He also includes rent subsidies for low wage workers as well as training and education for lone parents as important programs.
- ²⁶ Several of these recommendations reflect and reinforce Campaign 2000’s recommendations to provincial premiers (Popham and Novick, 1997).

APPENDIX A

Questions for Ministry/Department Officials

Child Poverty Initiatives

1. What programs does your province offer that address child poverty?
 - a) Have there been any changes to these programs in the last five years?
2. Do you have a provincial child benefit or child income program? Please describe.
 - a) If you do not have a child benefit program, is your province contemplating one?

Social Assistance Reform

3. Please describe any social assistance/welfare reforms that have taken place in the last five years.
 - a) What are the reasons for these reforms?
 - b) Has the end of the Canada Assistance Plan and the introduction of the Canada Health and Social Transfer affected these reforms?
 - c) Is your province planning any further reforms?
4. *Rates:* We understand that the National Council of Welfare will be publishing their 1995 welfare incomes later this year and we will refer to their report for information about rates. Have there been any recent changes to the welfare rates that will not be reflected in the National Council of Welfare report?
5. *Eligibility:* Is your province contemplating changing the definition of employability?
 - a) For disabled people?
 - b) For parents?
6. *Child care:* Is child care included in your social assistance reform plans?
 - a) How is it included?
7. *Workfare:* Have workfare programs been introduced?
 - a) How does your province define workfare?
 - b) Is the program mandatory? For whom?

Final Comments

8. Is there anything else you would like to add which relates to the implications of the Canada Health and Social Transfer on child poverty initiatives or social assistance reform?

Questions for Social Services Ministers

Canada Health and Social Transfer

1. How is your province dealing with the reduction in federal transfer payments?
2. How has the reduction in federal transfer payments affected your ability to address child and family poverty?
3. How has the CHST affected the design and administration of social programs in your province?

Strategies to address child and family poverty

4. What do you think should be the respective roles of the federal and provincial governments in addressing child and family poverty?
5. What would be the most important/effective thing you could do to address child and family poverty in your province?
6. We understand that proposals for a national child benefit which integrate the federal Child Tax Benefit and provincial social assistance paid in respect of children are currently under discussion. In your opinion, what would be the advantages and disadvantages to your province of such an integrated child benefit?
7. Everyone agrees that employment for parents is a critical element in addressing child and family poverty, although there are some differences of opinion about whether single parents of young children should be in the labour market full-time. Do you think single parents with young children should be expected to be in full-time paid employment?

If yes, what supports would they need?

If no, do you think social assistance is an appropriate and adequate way of addressing the income needs of single parents who are not expected to be in the labour market (e.g., until the youngest child reaches a certain age)?

APPENDIX B

**TABLE B1: ANNUAL MINIMUM WAGE INCOME MEASURED
AGAINST LOW INCOME CUT OFFS (LICOS), BY PROVINCE, 1995**

	Lone Parent (One Earner) with One Child		One Earner Couple with Two Children	
	Difference between Minimum Wage Income & LICO*	Minimum Wage Income as % of LICO	Difference between Minimum Wage Income & LICO*	Annual Minimum Wage Income as % of LICO
Newfoundland	- 8,211	55	- 17,355	36
Prince Edward Island	- 8,085	55	- 17,166	37
Nova Scotia	- 7,379	59	- 16,523	39
New Brunswick	- 7,691	57	- 16,835	38
Quebec	- 5,611	69	- 14,755	46
Ontario	- 3,843	79	- 12,987	52
Manitoba	- 6,859	62	- 16,003	41
Saskatchewan	- 6,963	62	- 16,107	41
Alberta	- 7,691	57	- 16,835	38
British Columbia	- 3,531	80	- 12,675	53

Note:

* The difference is calculated as the low income cut off minus the total income of workers employed 40 hours per week, 52 weeks per year at the minimum wage in each province. Poverty lines are for urban centres with populations of 100,000 to 499,999 (1992 base), except in Prince Edward Island, where poverty lines are for urban centres with populations of 30,000 to 99,999.

Source: Schellenberg and Ross, 1997.

**TABLE B2: ANNUAL MINIMUM WAGE INCOME* BY PROVINCE, 1976 AND 1995
(CONSTANT 1995\$)**

	1976	1995	% Change
Newfoundland	14,615	9,880	- 32%
Prince Edward Island	14,031	9,880	- 30%
Nova Scotia	14,615	10,712	- 27%
New Brunswick	14,569	10,400	- 29%
Quebec	16,573	12,480	- 25%
Ontario	15,210	14,248	- 6%
Manitoba	16,065	11,232	- 30%
Saskatchewan	16,368	11,128	- 32%
Alberta	15,851	10,400	- 34%
British Columbia	17,537	14,560	- 17%

Note:

* Assumes earners were employed 40 hours per week, 52 weeks of the year. In 1995 and 1996, the minimum wage was increased in Ontario, Manitoba and British Columbia. These increases are reflected in the table.

Source: Schellenberg and Ross, 1997.

TABLE B3: MARKET POVERTY INDEX* BY PROVINCE, 1984 AND 1994

	1984	1994	Point Change
Newfoundland	156	149	- 7
Prince Edward Island	81	86	+ 5
Nova Scotia	99	106	+ 7
New Brunswick	133	103	-30
Quebec	121	118	- 3
Ontario	77	100	+23
Manitoba	84	97	+13
Saskatchewan	98	95	- 3
Alberta	105	87	-18
British Columbia	108	103	- 5
Canada	100	106	+ 6

Note:

* The index was developed by combining the depth and rate of poverty and comparing the results of 1984 with those of 1994. The point change indicates whether the severity of poverty increased or decreased over the 10-year period in each province.

Source: Schellenberg and Ross, 1997.

APPENDIX C

TABLE C1: FEDERAL CHST CASH CUTS TO PROVINCES

(\$ Millions)	1995-96*	1996-97	1997-98	1998-99	1999-00** (Estimate)	Cumulative Loss
Newfoundland						
Cash Transferred	\$411	\$343	\$277	\$259	\$243	
Annual Cash Cut	---	(\$68)	(\$66)	(\$18)	(\$16)	
Annual % Cut	---	-16.5%	-19.2%	-6.5%	-6.0%	
Cut From 1995-96 Level	---	(\$68)	(\$134)	(\$152)	(\$168)	(\$522)
Prince Edward Island						
Cash Transferred	\$86	\$72	\$60	\$57	\$54	
Annual Cash Cut	---	(\$14)	(\$12)	(\$3)	(\$3)	
Annual % Cut	---	-16.3%	-16.7%	-5.0%	-6.0%	
Cut From 1995-96 Level	---	(\$14)	(\$26)	(\$29)	(\$32)	(\$101)
Nova Scotia						
Cash Transferred	\$624	\$513	\$427	\$403	\$379	
Annual Cash Cut	---	(\$111)	(\$86)	(\$24)	(\$24)	
Annual % Cut	---	-17.8%	-16.8%	-5.6%	-6.0%	
Cut From 1995-96 Level	---	(\$111)	(\$197)	(\$221)	(\$245)	(\$774)
New Brunswick						
Cash Transferred	\$488	\$404	\$334	\$315	\$296	
Annual Cash Cut	---	(\$84)	(\$70)	(\$19)	(\$19)	
Annual % Cut	---	-17.2%	-17.3%	-5.7%	-6.0%	
Cut From 1995-96 Level	---	(\$84)	(\$154)	(\$173)	(\$192)	(\$603)
Quebec						
Cash Transferred	\$5,496	\$4,568	\$3,871	\$3,632	\$3,415	
Annual Cash Cut	---	(\$928)	(\$697)	(\$239)	(\$217)	
Annual % Cut	---	-16.9%	-15.3%	-6.2%	-6.0%	
Cut From 1995-96 Level	---	(\$928)	(\$1,625)	(\$1,864)	(\$2,081)	(\$6,498)
Ontario						
Cash Transferred	\$6,253	\$4,925	\$4,063	\$3,837	\$3,607	
Annual Cash Cut	---	(\$1,328)	(\$862)	(\$226)	(\$230)	
Annual % Cut	---	-21.2%	-17.5%	-5.6%	-6.0%	
Cut From 1995-96 Level	---	(\$1,328)	(\$2,190)	(\$2,416)	(\$2,646)	(\$8,580)
Manitoba						
Cash Transferred	\$726	\$601	\$500	\$471	\$443	
Annual Cash Cut	---	(\$125)	(\$101)	(\$29)	(\$28)	
Annual % Cut	---	-17.2%	-16.8%	-5.8%	-6.0%	
Cut From 1995-96 Level	---	(\$125)	(\$226)	(\$255)	(\$283)	(\$889)
Saskatchewan						
Cash Transferred	\$625	\$496	\$423	\$400	\$376	
Annual Cash Cut	---	(\$129)	(\$73)	(\$23)	(\$24)	
Annual % Cut	---	-20.6%	-14.7%	-5.4%	-6.0%	
Cut From 1995-96 Level	---	(\$129)	(\$202)	(\$225)	(\$249)	(\$805)
Alberta						
Cash Transferred	\$1,416	\$1,134	\$927	\$885	\$832	
Annual Cash Cut	---	(\$282)	(\$207)	(\$42)	(\$53)	
Annual % Cut	---	-19.9%	-18.3%	-4.5%	-6.0%	
Cut From 1995-96 Level	---	(\$282)	(\$489)	(\$531)	(\$584)	(\$1,886)
British Columbia						
Cash Transferred	\$2,194	\$1,792	\$1,562	\$1,497	\$1,407	
Annual Cash Cut	---	(\$402)	(\$230)	(\$65)	(\$90)	
Annual % Cut	---	-18.3%	-12.8%	-4.2%	-6.0%	
Cut From 1995-96 Level	---	(\$402)	(\$632)	(\$697)	(\$787)	(\$2,518)
Northwest Territories						
Cash Transferred	\$52	\$44	\$38	\$35	\$33	
Annual Cash Cut	---	(\$8)	(\$6)	(\$3)	(\$2)	
Annual % Cut	---	-15.4%	-13.6%	-7.9%	-6.0%	
Cut From 1995-96 Level	---	(\$8)		(\$17)	(\$19)	(\$58)
Yukon						
Cash Transferred	\$21	\$19	\$17	\$16	\$15	
Annual Cash Cut	---	(\$2)	(\$2)	(\$1)	(\$1)	
Annual % Cut	---	-9.5%	-10.5%	-5.9%	-6.0%	
Cut From 1995-96 Level	---	(\$2)	(\$4)	(\$5)	(\$6)	(\$17)

* 1995-96 is Canada Assistance Plan and Established Programs Financing. "Cash Transferred" figures are from Department of Finance Canada, except 1999-00.

** Estimate assumes each province's % share of the total federal cash transfer in 1998-99 is the same for 1999-00. Budget 1996 set

the CHST cash floor at \$11.1B for 1999-00.

Sources: Child Poverty Action Group calculations, using data from Department of Finance Canada (1996a, 1996b, 1997a).

Table C2: Review of 1996 Provincial Budgets: Response to CHST

	Perspectives on CHST	Perspectives and Choices in Social Spending*
NFLD.	Mechanism doesn't recognize social and economic differences. Federal partnership "dissolving."**	Government responsible to protect basic social programs. Cut government costs, streamline, restructure education, health and social services. Additional funds to cover increase in welfare caseload. Review expenditures and programs.
P.E.I.	Cuts negate growth in revenue from economy. Must move toward greater "self reliance."	Assistance and services to those in need at regionally comparable levels. Make health and social services more preventive and community based. No reduction this year.
N.S.	A "significant departure" from cost sharing. Province "too dependent on shrinking federal transfers." Cuts are a "reduction in federal government presence" in Nova Scotia.	Fiscal targets for community services grow by 2.4% by 1999-00. Prevention, expand child care and early intervention, deinstitutionalize handicapped children. Welfare reform, single tier delivery, savings through admin efficiencies, reinvest in training and empl. prgms. (NAPO notes 36% cut to shelter rates for single employable effective Apr/96).
N.B.	"Single most difficult challenge" to debt reduction. Take "strong action" on "drastic reductions" in federal transfers.	(S)ustaining our health care and protecting people most at risk are top priorities. 1996 Family and Community Service spending down to \$139.5M from \$144.8M. Restructure welfare, 1.5% rate increase scheduled for fall. N.B. child tax benefit announced in 1997-98 budget. (NCW notes benefits for lone and two parents increased 5% 1994-95. In 1995 rates among the lowest in Canada).
QUE.	"Aberrant" to cut \$7B and use savings to fund new intrusions. Ottawa should withdraw from social policy funding and transfer tax points as compensation.	(Note - in October introduced highlights of family policy to be presented in a White Paper. Will reallocate \$1.67B funds and regroup programs. Gradually invest new resources by year 2000, reaching \$249M year 2002-03. To address kindergarten, child care, parental insurance, integrated child allowance).
ONT.	Cuts represent "strange priorities" which "do not reflect the priorities of the people."	Cut about \$5.5B government spending. Min. Social Services \$1.16B less than in 1994-95. -2.5% cut to all social services, programs eliminated. \$10M for "Healthy Start" and \$5M breakfast prgm. 21.6% rate cut = -\$938M; tightened eligibility = -\$15M; end municipal relief =-\$30M. JobsOntario + other training programs eliminated, workfare to be introduced.
MAN.	Disagree with cutting disproportionately programs that make us "one of the best countries." Feds accountable for inevitable provincial cuts.	Family services cut about -1.5%, smaller education and health cuts. Further cuts of -2.2% required to accommodate 1997-98 CHST. Same child care subsidies as last year, +\$4M for children "in care." Welfare reform, streamline, reduce fraud, encourage work and contribute to community, disqualify for some tax credits. (NAPO notes Winnipeg lost fed. cost sharing of rates for children, in 1996 -10% rate cut to singles and couples w/o kids, -2% cut for lone parents).
SASK.	Will shield core social programs from federal cuts. "Vital cornerstones to our quality of life are being undermined."	Will "backfill" 100% of federal cuts in 1996-97; and 96% of cuts through to 1999-00. Discussion paper on redesigning welfare to move to jobs and independence, + look at child benefit for low wage earners. \$.5m for child care wages. (NAPO notes child poverty initiative to be implemented Sept/97).
ALTA.	Won't pass on federal cuts. "No other province can protect its citizens that way -- one more direct benefit of (our) fiscal actions."	-19% cut to family and social services since 1992-93, over next 3 yrs operating budget to be cut \$64M, 560 full-time jobs eliminated. Children "top priority" - early intervention funding doubled to \$20M. Propose employment tax credit per child to support low and middle income families and encourage work.
B.C.	Cuts "unfair and arbitrary", a "collapsing federal partnership."	Spending on social services down -3.5%. Tighten welfare eligibility, notes reduced cases. BC Family Bonus launched in 1995, dental and vision benefits to low wage earners with children Apr '96. NAPO notes welfare reduced -8 to -10% employable youth and adults w/o children in 1995, used to finance Family Bonus.

Notes:

* Includes information from National Council of Welfare (1995) and National Anti-Poverty Organization (NAPO, 1996).

** Words and phrases in quotation marks are directly quoted from budget addresses.

Table C3: Review of 1996 Provincial Budgets: Deficits, Debts and Tax Measures

	Deficit	Debt	Taxation
NFLD.	Balanced budget in 1995-96 Deficit in 1996-97 Incurring large deficits “not a choice”		High income surtax + increase tax on financial corps. “(Poorest cannot contribute more for deficit reduction. Average family has high tax burden).
P.E.I.	Second year of surpluses Balanced budgets to year 2000 Adjust programs, no deficit financing	Continue to reduce net debt.	No increase in taxes or new taxes.
N.S.	First year of surplus Legislation to require recovery of any deficit spending within 2 years	Legislation requires use surpluses to reduce debt or taxes.	Legislated to use surpluses to reduce debt or taxes. Personal income tax cut of 3.4% in 1997. Low income tax reduction program enhanced.
N.B.	Second year of surpluses Balanced budget legislation passed in 1995	Debt reduction plan: surpluses used to pay down debt each year to 1999-00.	No increase in taxes or new taxes (1996-97 budget). N.B. child tax benefit and work income supplement. Income tax cut 10.2% over 2 years (1997-98 budget).
QUE.	Deficit down to \$3.9B in 1995-96. \$700M cut to \$3.275B 1996-97. Legislation to balance budget by year 2000.		Restrict tax breaks. Commission on taxation and funding public services. Look at role of taxation as an instrument of family policy and income security.
ONT.	\$8.2B deficit in 1996-97. Balance budget by the year 2000. Deficit targets set.	Balanced budget lays the groundwork to reduce debt. Funds from overachieving deficit targets and sales of assets to be applied to debt.	Income tax rate cut of 30.2% over 3 years. More low income tax payers to benefit from Ontario Tax Reduction, but basic amounts drop.
MAN.	Second year of surpluses. Legislated to balance budget every year. Surpluses go to Fiscal Stabilization Fund to protect public services.	Debt paid in 30 years. Reduction program begins 1997-8 @ \$75M/year. (<i>Balanced Budget, Debt Repayment and Taxpayer Protection Act</i>).	Ninth consecutive year of a tax freeze. No major tax increases unless approved by referendum (legislated).
SASK.	Third year of balanced budgets -- surpluses planned through to the year 2000.	Paying down debt -- \$2.4B lower in 1999-00 than 1994. Sold share in uranium co. applied to debt.	No tax increases. Decrease Debt Reduction Surtax. Review fairness and effectiveness of tax system. Consult on reducing taxes through spending cuts, slower debt reduction or sale of assets.
ALTA.	Third year of balanced budgets. <i>1995 Balanced Budget and Debt Retirement Act</i> requires balanced budget each year.	\$1.5B “down payment” on debt. Act requires surpluses go to debt reduction. Consulting on accelerated debt payment.	No tax increases or new taxes. Developing a reinvestment strategy which includes reduced taxes. Considered an “important component” and discusses a family employment tax credit.
B.C.	Second year of balanced budgets, but recently media reported these as deficits.	Focus on debt. Plan to eliminate \$10.2B in accumulated deficit debt within 20 years.	No tax increases or new taxes. One point tax cut in each of 1996-97 and 1997-98. BC Family Bonus launched in 1995.

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