STATE RESTRUCTURING, SOCIAL ASSISTANCE, AND CANADIAN INTERGOVERNMENTAL RELATIONS: SAME SCALES, NEW TUNE

Peter Graefe

Introduction The literature on the politics of scale makes an important contribution to the understanding of political-economic transformation by underlining how social relations play themselves out across a set of nested scales. This work demonstrates how the articulation of these scales has consequences in terms of particular actors' ability to attain their goals or contest unequal social relationships. It has a strong resonance in Canada, where scholarship has long probed questions of the impact that particular institutionalizations of federalism and intergovernmental relations have on policy outcomes and class politics. There is room for a useful cross-pollination of ideas here. Work on the politics of scale foregrounds issues of capitalism and social relations that are often elided in work on federalism, while work on federalism emphasizes political variables in terms of the institutionalization of intergovernmental relations and the importance of citizen identification that are often underexamined in the work on scale.

This paper takes up this latter angle to more closely examine the role of institutional inertia in the rescaling of the state. Much of the literature on scale and rescaling argues that changes in state forms (or even important policy shifts within existing state forms) necessarily imply significant shifts in the scales of economic, social, and political regulation. Yet this needs to be nuanced, in particular by following calls for a greater attention to political determinants (as compared to economic ones) and to institutionalized constraints to rescaling. When policies are imbricated with deeply institutionalized understandings of legitimacy and citizenship, changes in
state form may involve a messy reworking of interscalar relations that leaves existing understandings of the appropriate scales for particular processes relatively untouched, but redefines the problem being regulated and the ends sought by said regulation.

This insight is developed in relation to the Canadian literature on social assistance reform, which argues that policy was decentralized in 1995 when the federal government removed the main national standards on social assistance provision. A rereading of this history suggests that federal-provincial relations throughout this period have scarcely changed, maintaining a role for the federal government in agenda-setting and in ensuring limited forms of convergence at the scale of the nation-state, with the provinces maintaining significant leeway to implement and administer actual social assistance programs. While social forces bearing a neoliberal project of state restructuring managed to significantly transform the policy landscape in social assistance, the scalar structuration of this policy field proved resilient.

**Scale and Political Change** Much of the work on scale draws inspiration, to a greater or lesser extent, from regulationist understandings of stability and change in contemporary capitalism. Postwar Fordism was argued to rely on a series of compromises and shared understandings between social forces, temporarily containing contradictory social relations. One key element of these compromises, largely invisible because taken for granted, was a particular understanding of the scales at which particular forms of regulation would apply. Indeed, the Atlantic Fordisms were marked by the emphasis on the nation-state scale as the primary site for economic and social regulation, as well as for defining citizenship, social rights, and political participation. This is not to say that local and regional regulation did not occur, but that the postwar compromise included a spatial project of attempting to integrate local institutions into national systems of administration and delivery.

As the postwar compromises unravelled and could no longer contain antagonistic social relations, various social forces began to propose alternative projects of accumulation and regulation. These projects sought to roll back inherited institutions and governmentalities, reflecting earlier compro-
mises and understandings, and to roll out new ones. Thus, as capital proved capable of “jumping scales” in the organization of production, it could also undermine inherited forms of political regulation and propose new state spatial projects that implied a new structuration of state scales.5

Perhaps the most popular summary of this process is Jessop’s argument about the hollowing out of the national as power is passed upwards to supranational organizations, downwards to the regional and local scales of the state, and outwards towards private actors outside the state through forms of governance. This view has been taken up widely, for instance in a volume on the challenges that women’s movements face given a “reconfigured” state, to say nothing of parallel accounts of “glocalization” as the uneven process of decentring the national scale.6 In the face of hyperglobalist claims of the end of the nation-state, this reading usefully argued that regulation at the national scale was not going to disappear in the foreseeable future. While state regulation was shifting between scales, the national level would benefit from an enhanced role in interscalar management through a metagovernance steering role. The national state would thus remain central in dealing with territorial integration, social cohesion, and social exclusion.7

Yet, the potential for continuity that this role suggested was hidden by the pungent term of “hollowing out” and the sense that this role would be hard to maintain, particularly as economic regulation moved to new scales. This was indeed a key insight and argument of the work on new regionalism, namely that regional economic governance was both reliant upon, and productive of, regional identities and solidarities, such that it was unlikely that economic regulation could be rescaled without some parallelism in the scalar articulation of social policy and citizenship. This was particularly the case as extra-economic inputs — including social cohesion, skills, and capacities for flexible adjustment — became increasingly essential to regional economic success. The failure of the nation-state to deliver on promises of economic growth and prosperity was thus seen as more than an economic one, but also a political one as regionalist and minority nationalist social forces used economic openings to leverage the rescaling of other processes.8 Jenson made this point forcefully using the Canadian example. Canada was perhaps a special case, to the extent that its Fordism was institutionalized
through the construction of national identity (and the underlying network of federal-provincial relations giving rise to this) far more than through class compromises. Yet, this situation made it clearer how the erosion of the postwar interscalar arrangements through the decentring of the nation-state as the primary scale for economic regulation led equally to the redrawing of maps of citizenship and solidarity.

The economic rescaling literature has been criticized on several grounds. A first critique is that the work on rescaling has been methodologically constricted by its emphasis on global economic restructuring, leading to an apolitical reading of state restructuring. Purcell stresses the need to better analyze the political logic of the state, including the imperative to reproduce the political relationship between the state and citizens. This would hopefully lead to a more developed understanding of the role of state-citizen legitimacy, as the ability of the state to secure consent for new state projects is tied to the maintenance of certain collective goods, political rights, and sense of community of interests between citizens. A related way of thinking about this political angle is Jenson and Phillips’ “citizenship regime,” which acts to stabilize particular regimes of accumulation and modes of regulation. A citizenship regime reflects a series of compromises over understandings of who is included (and to what degree) as a citizen, what range of rights claims are recognized as legitimate, and what responsibilities are demanded of the citizen. A citizenship regime thus institutionalizes a number of citizen identities and expectations that take the form of a scalar hierarchy, in the sense of addressing particular claims to certain scales of the state and not to others, and of defining one’s citizenship in terms of a particular nesting of scales of belonging. This reading of political institutionalization therefore posits potential sources of fixity or resistance to a shift in scales, and a series of resources that social forces inside and outside the state can draw upon to limit the extent that changes in accumulation regimes and modes of regulation play out in a changing scalar hierarchy.

Gough’s critique of this literature furthers some of these insights. In particular, he emphasizes that changes of scale result from social struggle between actors attempting to institute particular spatial strategies. This leads to at least two observations pertinent to this paper. First, the displacement
of regulation to a particular scale may be driven by particular social forces, but it does not prevent other social actors from developing counter-projects that fit this new spatiality. One, therefore, must not assume that the interests of particular actors are necessarily favoured by the privileging of a particular scale. Logically, this means that it is possible for state regulation to change significantly without upsetting existing relations between scales, in the sense that some counter-projects may be made to fit within existing scalar relations. Second, given that social actors themselves must juggle conflicting interests and adjust strategies in the face of their contradictory consequences, one must not overstate the coherence and clarity of their spatial strategies. As a result, there is likely to be a certain ongoing messiness in restructuring, opening opportunities for political actors at particular scales to play on inherited political identities and loyalties in order to reproduce existing scalar structurations of political regulation.

A second problem with the scale literature, beyond this issue of politics, is the lack of attention paid to the institutionalization of particular scalar strategies. Marston, for example, argues that scale productions “can easily be dismantled as new contextual factors become salient.” Even for authors who see a bit more fixity in the nesting of scales, there is a tendency to posit a great degree of fluidity in periods of upheaval, as changes in the regime of accumulation reconfigure the form of the state and its scaling. While this latter view is eminently sensible and plausible, it is also too univocal in emphasizing change over continuity. Consistent with the critical realist epistemology of much of the work on scale, one would expect that “established scalar fixes may constrain the subsequent evolution of scalar configurations.” Brenner, however, underlines that the path-dependent characteristics of rescaling processes remain largely unexplored.

This observation deserves to be considered in light of the earlier criticism about politics and political logics. It may well be that processes of economic transformation can more easily be reworked than political processes because of their lower institutionalization, at least in liberal political economies. The realm of policy and politics may be more resistant to such changes given the strength of institutionalization related to concepts of social citizenship and rights. Despite new articulations between scales of
economic activity, existing interscalar political arrangements may prove more enduring as national governments draw on inherited national identities and concepts of citizenship as a source of legitimacy. In light of the importance given to regulation of social reproduction at the national scale in the Fordist era, one might expect that national state actors may be particularly adept at reproducing existing scalar hierarchies in this realm despite changes in the scalar structuration of economic regulation. This is not to say that the policies pursued within these arrangements will remain stagnant. Indeed, there is every reason to believe that they will evolve in response to changing perceptions of economic imperatives. However, it is an interesting empirical question to see how greatly contemporary economic “scale-bending” destabilizes existing identities, compared to how successfully state elites mobilize existing institutions and identities to maintain existing scalar relations.\textsuperscript{16}

This is not to replace an overemphasis on dynamism with a pedantic neoinstitutionalism fixated on path-dependent processes. After all, an important contribution of the rescaling literature has been to unsettle stories of path dependency by showing how changes in relationships between scales of the state open new possibilities to change policy trajectories.\textsuperscript{17} Certainly in the case of Europe, one can observe the development of new articulations between the continental (European Union) and national scales of social regulation. While nation-states remain staunch defenders of their jurisdictions in social policy regulation, European agenda-setting and benchmarking processes are achieving some coordination and integration.\textsuperscript{18} But even this example underlines the need for more attention to be paid to the specific political contexts of rescaling to get a better sense of institutional inertia. This attention may also allow for a broader appreciation of the influence of struggles around social reproduction (and not just production) in shaping the structuration of scale (as per Marston’s call), given the role of the welfare state in building conceptions of citizenship.

These criticisms do not call for any fundamental changes in the basic postulates of the literature on scale and rescaling, but do demand that some additional attention be paid to the institutionalization of state spatial projects, and particularly to the pattern of relationships between different scales of
the state. Brenner speaks of state spatial projects as “initiatives to differentiate state territoriality into a partitioned, functionally coordinated and organizationally coherent regulatory geography.” These initiatives produce a scalar differentiation of the state, as well as means of coordinating “administrative practices, fiscal relations, political representation, service provision and regulatory activities among and within each level of state power.” It is therefore worth paying more attention to these means of coordination in a period of state restructuring to assess how amenable they are to change. Federal systems provide useful examples to this end, in that these means of coordination are likely to be more visible, more politicized, and more relevant for the definition of citizenship. While this aids observation, it also likely means that they are (generally) more resistant than unitary states to being fundamentally redrawn by new state spatial projects. Thus, although this paper will make claims about continuity in the case of Canadian social assistance policies, it may be that the example selected is far from representative. This need not be a fundamental weakness, however, if it serves to trace out one end of the fixity/fluidity continuum in the scalar restructuring of state regulation.

An Illustrative Case Study: Social Assistance in Canada

Without directly engaging with the literature on rescaling, critical work on neoliberal restructuring in Canada has emphasized how relationships between the federal and provincial governments are being renegotiated, affecting the extent to which the federal government can maintain some pan-Canadian integration in social policy. Jenson’s work, discussed above, provided a central narrative in arguing that the continuing continentalization of Canada led to the disarticulation of the political community and the displacement of the postwar citizenship regime. In other words, economic change profoundly challenged the pan-Canadian identity and citizenship of the postwar period, and thus the interscalar arrangements of that period were likely to change as a consequence. McBride and Shields’ Dismantling a Nation made similar arguments, and this title captured the extent to which the retrenchment of the postwar social contract was also felt to involve the loss of the ties binding the Canadian political community together. The general argument was that
power was being devolved from the federal government to provincial ones in terms of economic and social regulation. This involved a retreat from federal leadership as the standards imposed by the federal government in order to create pan-Canadian social rights were watered down and removed. A decentralized Canada would be a more unequal Canada, with citizenship entitlements varying widely between provinces and with neoliberal provincial governments having free rein to roll back social gains without federal interference. Neoliberal analysts came to similar conclusions, albeit without the associated lament for the postwar citizenship regime. Courchene, for example, emphasized how continental integration and technological change created regional economies, and how this, in turn, was pushing greater social policy diversity as regions adopted varying strategies to upgrade their human capital and foster their positive locational externalities.20

This general analysis was carried over to the social assistance field, with particular emphasis on the reform and abrogation of the Canada Assistance Plan (CAP) in the early to mid-1990s. As will be discussed more fully below, the CAP was federal legislation that obliged the federal government to share the cost of provincial social assistance and social services programs, provided those programs met a series of standards. In 1990, the federal government curtailed its commitment to sharing cost increases above five percent annually in Canada's three richest provinces (representing roughly 50 percent of Canada's population) in a bid to control its spending. The 1994 federal budget committed to capping federal CAP expenditures so that they would be no higher in 1996 than 1994. This proved to be a baseless threat because the 1995 budget rolled the CAP into federal transfers for health care and postsecondary education and then cut these transfers by roughly one third. In order to mollify provincial outcry about this blatant act of deficit shifting, the federal government removed all of the standards associated with CAP with the exception of the rule prohibiting residency requirements. This evolution was widely interpreted as a sign of decentralization, in the sense of the federal government allowing for greater provincial policy control and provision. The removal of the conditions basing assistance on need and prohibiting work requirements was seen as rolling back pan-Canadian social citizenship rights and opening the door to provincial diversity, particularly
as Right-wing provincial governments pushed experiments in radical workfare reform. Subsequent developments in federal-provincial relations, particularly the signing of the Social Union Framework Agreement (SUFA), are sometimes seen to consolidate this trend. For instance, Vosko argues that the SUFA, with its lack of national standards, underscores “the potential for downward harmonization in social assistance, or at least considerable territorial variation, because of increased provincial autonomy.”

Both the general arguments and the more specific ones on social assistance nevertheless suffer from some of the shortcomings identified in the literature on scale. First, in terms of the more general assessments, there is a too direct relationship drawn between economic restructuring and political change. It is undeniable that the federal government’s adoption of a continental free trade accumulation strategy limited its role in economic regulation, even as it opened opportunities for (some of) the provinces to develop microeconomic “region-state” strategies. It is also true that federal attempts to maintain a partial integration of the Canadian economic space through adjustment strategies and proactive labour market development activities largely failed as budgetary austerity prevented the necessary spending. Yet, rather than this further economic disarticulation of the country leading to the decentralization of social policy, it seems to have strengthened the federal government’s resolve to assume a leadership role in order to maintain some integration of the social space. In short, the critical work needs to pay more attention to the question of political logic, and particularly attempts by state actors, and indeed by some social forces, to mobilize existing conceptions of pan-Canadian social citizenship in order to combat the fragmentation of the economic space.

In terms of the more specific assessments of social assistance, there is perhaps a too mechanical analysis of intergovernmental relations, and a tendency to conflate the roll-back of the Keynesian welfare state with a change in the scalar hierarchy. Even a perceptive analyst like Peck, who underlines the importance of central orchestration and guidance in the transition from welfare to workfare, makes the argument for some decentralization. The analysis below will reconsider the history of Canadian social assistance from the CAP to the present in order to underline the
extent to which social assistance was always a relatively decentralized system where the federal role was less one of enforcing national standards than of agenda-setting and systemic steering. The paper will therefore argue that the Canada Health and Social Transfer (CHST) should be read less as a decentralization of standard enforcement than as a step in a longer process of changing the agenda and goals for social assistance within the existing interscalar arrangements.

The Canada Assistance Plan and Postwar Federal-Provincial Relations

Despite the emphasis on national standards in recent laments for CAP, federal leadership was in fact asserted in a more diffuse form that Jessop might term “metagovernance.” The federal government used its advantageous financial position to ensure a certain degree of social policy integration. Through the use of broad standards, and by making it financially advantageous for provinces to spend on certain programs (through cost-sharing), the federal government could steer the construction of a relatively decentralized system of social assistance in line with the broad principles of Keynesian welfarism.

Thus, the CAP did not arise from a firm claim to central authority against provincial complaints. It instead emerged from an elite consensus of federal and provincial officials in the social welfare field, particularly through their networking in the Canadian Welfare Council’s Public Welfare Division.25 While the shape of the final legislation was determined through struggles within the federal bureaucracy between the departments then called National Health and Welfare and the Department of Finance, the general parameters of the legislation were hammered out through federal-provincial negotiations. It is noteworthy that the National Health and Welfare department’s desire for strong national standards, including requiring the provinces to provide certain levels of assistance, was defeated within the federal government’s bureaucracy. Finance, in particular, saw merit in keeping the program adaptable. Provincial resistance to standards, particularly from Quebec, reinforced this defeat. This left National Health and Welfare with the weaker instrument of consultation for ensuring that provincial standards and conditions were consistent and adequate.26
Yet this metagovernance role was not insignificant. It was an important change from the pre-Second World War scaling of social assistance, which was marked by local relief and increasing provincial involvement. It represented an affirmation and consolidation of early postwar efforts by the federal government to use cost-sharing to ensure provincial fiscal capacity to provide basic categorical programs for the elderly, the blind and people with disabilities, and later the uninsured unemployed. As such, it represented a change in the scalar structuration of the social assistance field, and of social citizenship more generally, with the federal government gaining important functions in setting agendas as well as the broad parameters of policy development. In short, the federal government could use its financial resources to engage the provinces around certain reform agendas, giving it an important hierarchical role in the field. This role created a degree of pan-Canadian social integration, but the general conditions of the CAP allowed room for greater provincial diversity than the tag “national standards” would imply. Indeed, Boychuk has demonstrated how the CAP did not prevent “patchworks of purpose” from developing, as different provinces put different weight on enforcing work and family obligations and on recognizing social rights. While the CAP did not force convergence around specific programs and services offered, it did encourage a professionalized model of assistance provision. It also marked the transition of provincial social assistance systems from being based on deservedness to being based on need, concretizing the development of new welfare statist views among federal and provincial welfare officials.27

Boychuk argues that social assistance differs from other parts of the Canadian welfare state edifice in remaining primarily provincial. It is nevertheless worth underlining that in the other major sectors of the welfare state where the federal government lacks strong constitutional jurisdiction, namely the provision of health services and education, the federal government’s hierarchical role is exercised in similar (health) or more limited (education) ways. This claim is perhaps more controversial in the health field, where the federal government has invested heavily in making national standards, enshrined in the Canada Health Act (CHA), into central markers of pan-Canadian identity and citizenship.28 While the principles of the CHA, and
particularly those dealing with public administration and equal access to care, do circumscribe the range of reform options open to the provinces, it remains that there is sufficient diversity in the structure of health delivery and the definition of coverage that one should speak of a mosaic of 10 provincial health systems rather than one Canadian system. It is also worth noting that the federal government has regularly avoided applying the CHA to withhold transfers to the provinces in cases of noncompliance. As with social assistance, the CHA’s standards should be understood as attempts to assert a degree of leadership and pan-Canadian harmonization at a particular point in time. As the political context changes, and as ongoing social struggle redefines the reform agenda around new principles, the federal government is seeking out tools other than the CHA to lead and shape health reform.

**From the Welfare to the Workfare State** The CAP was not even 10 years old before fundamental questions about its principles came to the fore. Particularly in the wake of the federal government’s 1971 amendment to the Unemployment Insurance Act, concerns were raised about the work disincentive effects of income transfers. In the context of a liberal welfare state, these also quickly transferred to the realm of social assistance and led to a failed attempt at instituting a limited form of guaranteed annual income in place of social assistance. By the early 1980s, a number of provinces began to experiment with forms of welfare-to-work programming, breaking with the more “passive” approaches generally adopted at the time of the CAP. This programming varied in its challenge to CAP. British Columbia, an early neoliberal government strongly influenced by the ideas of the American Right, brought in benefit freezes in 1983 and reductions in 1985, in conjunction with new work incentive programs. Similarly, another proto-neoliberal government in Saskatchewan brought forward significant benefit reductions for single employable recipients in order to encourage their “voluntary” participation in various work, community, and training placements. Quebec also experimented with a variety of work and community placement programs for recipients below the age of 30 during the recession of the early 1980s. In this last case, CAP was scarcely an impediment since recipients
under the age of 30 received such low benefits that the supplementation that came with participation removed the need for other work enforcement. It is worth noting that this provincial experimentation largely fit within the CAP framework (although perhaps not within its philosophy), and did not represent a call for a reworking of the relative roles of the different orders of government.

This position may reflect the fact that, in the face of these provincial experiments, the federal government took the lead in supporting this new agenda. This change was encouraged by the election of a Conservative government in 1984. While the government contained influential ministers who remained wedded to a liberal Keynesianism, the centre of gravity within the new government had moved in important ways towards neoliberalism, and this shift would be consolidated by the end of the government’s first term with the adoption of the neoliberal outlook and analyses of the Royal Commission on the Economic Union and the Development Prospects for Canada.32

Within the federal realm of employment policy (training and unemployment insurance), the Conservatives, starting with their 1985 Canadian Jobs Strategy (CJS), shifted the emphasis from job creation to improving employability through skills development. This involved changing the focus from the demand side (employment creation) to the supply side (employability). It gave rise to programs targeted to particular client groups and their skill needs rather than to labour market problems, such as seasonal or structural unemployment. In practice, the CJS’s extensive use of wage subsidies created a low-wage ghetto of employability/job placements: participation in the program did not open access to good jobs and training so much as it prepared most participants for jobs with low wages and skill levels.33

This push to supply-side solutions, especially to employability policies as a solution to unemployment, was not the only view. Political forces on the Left continued to push for the extension and enrichment of the existing program. While this would involve new funds from the federal government, much of the activism was organized around provincial governments because they held the prime responsibility for delivering services and determining administrative criteria. This alternative perspective could be labelled one of “increased social rights,” and emphasized issues of benefit (in)adequacy,
procedural fairness, destigmatization, pay and labour conditions in entry-
level work, and access to housing, child care, transportation, and training. These certainly were the primary demands brought forward in the context of public hearings on social assistance reform in Ontario and Quebec in the late 1980s, as well as in the public forums held by the Saskatchewan New Democratic Party in 1986–87. The increased social rights position, much like the employability one, did not foresee important changes in scalar relations. Instead, it called for increased governmental commitment to fighting poverty through greater spending within the CAP envelope, as well as federal-provincial cooperation to expand activity in related social services such as housing and training.

The outcome of the contest between these visions was not greatly in doubt with the Conservative victory at the federal level in 1984. The challenge to the CAP regime was less decentralization than the federal government deliberately generalizing the employability agenda. This was given concrete expression in 1985 with the federal-provincial Agreement on Enhancement of Employment Opportunities for Social Assistance Recipients. As Bashevkin very pertinently observes, this program allowed the provinces “to develop a variety of pilot programs — including work-for-welfare schemes that penalize non-participants — with full federal cooperation and generous federal funding.” This agreement encouraged all provinces to experiment with employment and training measures for social assistance recipients, giving social assistance policy a new work-readiness outlook. These accords allowed provincial governments with more punitive social assistance reforms, such as Saskatchewan in the mid-1980s and later Quebec in 1989, to argue that their reforms were following the general direction proposed by the federal government and thus were consistent with CAP. They also marked the beginning of substantial provincial experimentation with different measures, although evaluation remained inexistent, limited, or ad hoc compared to the United States. New Brunswick provides an example of the agenda-setting function of the employability accords, as in 1985–86 it introduced changes in the social assistance program that distinguished between employable and unemployable categories in order to stream the former into employability programs. Saskatchewan likewise reworked its employability
placements into a more coherent Saskatchewan Works program in reaction to the 1985 agreement. It is noteworthy that this new direction did not cause great intergovernmental disputes or require a change in the scalar hierarchy. As with the creation of CAP, there seemed to be an elite consensus on replacing the welfarist vision present at the inception of CAP with an employability vision, with the federal government providing some agenda-setting and steering, and the provinces working out the implementation.

**Two Projects for the Workfare State** While the move towards employability was a relatively consensual one between the federal and provincial governments, the particular content of this move remained open to dispute. By the late 1980s, the provinces were all implementing welfare-to-work policies, but these continued to vary in the relationships they established between the recipient and the spheres of the labour market and the family. The modalities varied in their adherence to work-for-welfare versus human resources development approaches, or to “work first” versus human capital development strategies. Provinces like British Columbia, Saskatchewan, and Quebec, for example, all introduced reforms tending towards the work-for-welfare/“work first” end of the continuum, stressing immediate labour market participation (albeit perhaps in a secondary zone of subsidized jobs and measures), the use of stigmatization (i.e., emphasis on a supposedly deficient work ethic), and the meagre provision of mutuality in terms of supports, rights, and voice.

At the same time, however, Ontario was bringing forward plans for social assistance reform that moved towards the human resources/human capital pole. The province appointed a Social Assistance Review Committee, whose Transitions report sketched out an approach to active programming for social assistance recipients that also involved improved social rights in terms of benefit adequacy, employment supports, and representation of recipients within the system. This proposal, combining an increased emphasis on pushing recipients towards the labour market with increased social rights, achieved a remarkably wide consensus, linking welfare rights organizations on the one hand and important segments of the business community on the other. These disparate supporters were, in turn, successfully mobilized in
the late 1980s to push the provincial government to implement the report, including recommendations on benefit increases. The Transitions report helped sketch out the Left-wing pole of the debate over employability policies, and its emphasis on tying active measures with broader social rights became a touchstone for the liberal Left and social democrats.

While provincial experimentation with employability enhancement underscored that such programs did not bring cost savings (at least in the macroeconomic context of the late 1980s), and in fact often incurred new costs in running placement services and subsidizing work, the Ontario response was anathema to the Conservative federal government. Ontario’s adoption of a blueprint for improved benefits and expensive employability measures promised to impose significant costs on the federal treasury through the cost-sharing provisions of the CAP. It also went in the other direction to the federal government’s own preferences of accentuating labour market discipline and individual responsibility. This was seen, for example, in the 1990 unemployment insurance reform that involved the end of government contributions, increased qualifying and reduced benefit periods, and increased penalties and fines. As a result, the federal government announced in 1990 that it was capping its contribution to CAP for the three provinces with above-average tax bases (namely Alberta, British Columbia, and Ontario) to a maximum five percent increase per year.

This effectively derailed the Transitions reform in Ontario because the province would have to foot the major part of the bill, and sent a clear signal to the other provinces that the new world of social assistance would need to cleave to the Right. In the context of the recession of the early 1990s, and of related government deficits, this federal roadblock allowed provincial ministries of finance to insist on the work-for-welfare/“work first” route. Social democratic provincial governments elected in the early 1990s with more moderate mandates to improve procedural rights and lightly increase benefits and supports all followed the same script. Whether it be in Ontario, British Columbia, Saskatchewan, or Quebec, early moves to fulfill these promises were soon beaten back by work-for-welfare and “work first”-style programming driven out of the Ministry of Finance or Premier’s office. Rather than representing a decentralization of power, the
cap on CAP (and the abolition of cost-sharing with the CHST) allowed the federal government to set an agenda that empowered certain actors (and disempowered others) within the provincial states.

It is true that the 1990 cap on CAP poisoned relations between the federal government and Ontario, and gave rise to proposals from Ontario to reduce the hierarchical role of the federal government in intergovernmental relations. In the long run, however, it did not transform the scalar structuration of state regulation in the field. Despite Ontario’s assertiveness on this file, and concerns from other provinces about unilateral federal disinvestment in health care, attempts to reduce the hierarchy in federal-provincial relations failed. The provinces suffered from a weak bargaining position since Canadians (at least outside Quebec) still saw the federal government as the legitimate actor for defining and guarding a pan-Canadian social citizenship. Moreover, the provinces themselves remained wedded to some form of centralized regulation (although perhaps determined between provinces rather than by the federal government), and thus could not make a forceful brief for a comprehensive reordering of the scales of political regulation in favour of the provincial scale.39 The policy content in social assistance was changing, and conflict about that content spilled over into intergovernmental relations, but this was not sufficient to shift the scales.

**Federal Agenda-Setting and Steering in the 1990s and Beyond** The federal government continued to push a new agenda of welfare-to-work as the primary orientation for social assistance in the 1990s in order to consolidate earlier experimentation. Perhaps its most high profile intervention was its co-sponsorship of the NB Works Demonstration project with the province of New Brunswick. The federal and provincial governments cooperated in providing as much as three years worth of education, training, and employment placement services to three thousand parents on social assistance, in the hope that this might provide sufficient human capital to command family-supporting wages on the labour market. Another important investment announced in 1992 was the Self Sufficiency Project, which evaluated whether providing extensive wage supplements to single mothers on social assistance who found full-time employment would increase their partici-
pation in paid work and reduce their use of social assistance. In both cases, the federal government set the “welfare wall” as a significant policy problem, and funded projects that developed a repertoire of interventions for solving the problem. It is noteworthy that NB Works, which contained elements of the human resources/human capital model with its emphasis on education and training, was used as an example of the need for, and potential of, active programming, but quickly lost support within the bureaucracy due to its cost and administrative intensity. It received a much less thorough and publicly accessible evaluation than the Self-Sufficiency Project with its incentives for immediate labour market attachment.

Another example of federal agenda-setting and steering was the government’s Strategic Initiatives program, announced in the 1994 budget. This program supported pilot projects testing new approaches to employment, training, apprenticeship, income support, and services. It emphasized employability development and training initiatives that dealt with obstacles to employment believed to create long-term welfare dependence or that flanked existing programs and improved their success. The projects also attempted to improve program design and delivery and extend partnerships between orders of government, as well as between the public, private, and not-for-profit sectors. While these initiatives had immediate relevance for the active programming being promoted by the federal government as part of the 1996 Unemployment Insurance reform, it spoke also to the similar labour market programs being developed by the provinces for their social assistance recipients. The program’s original $800M budget (over two years) was cut to $413M in 1995, but it nevertheless funded 24 projects reaching roughly 100,000 people. Thus, even outside of the CAP, the federal government was acting to set agendas and shape reform possibilities through targeted investments.

An additional element of steering came from the signing of Labour Market Development Agreements (LMDA) between the federal government and nine of the provinces in the period from 1996 to 1998. These agreements are usually portrayed as a devolution of federal power to the provinces because they involve the federal government withdrawing from the provision of labour market programs, and transferring personnel and finan-
cial resources to the provinces. These agreements come with weak accountability provisions limiting the federal government’s ability to set policy priorities. The provinces must offer employment benefits and supports similar to those offered under Part II of the Employment Insurance (EI) Act (i.e., wage subsidies, temporary supplementation of UI recipient earnings, self-employment assistance, training loans/grants for individuals, hiring subsidies for community organizations). They must also report on three performance measures, namely “(i) the number of clients to be served by employment benefits and support measures, (ii) the number of EI clients to return to work, and (iii) savings generated to the EI account.”

Analysts have tended to argue that these agreements represent the decentralization of training since the federal government is largely powerless to constrain the provinces to particular actions. Yet, these agreements can be read equally well as a further embedding of the federal government’s training policy priorities and its emphasis on employability. Indeed, the benefits and services under Part II of the EI Act are largely “Cadillac” versions of the active measures offered in social assistance programs. To the extent that these agreements encourage provinces to further integrate their social assistance and EI Part II employability measures, the centre of gravity is unlikely to change. Indeed, given that the performance measures in the LMDAs encourage provinces to focus on serving large numbers and on placing EI clients in work regardless of the quality or duration of that work, these agreements further push employability programming towards the “work first” end of the welfare-to-work continuum. In short, the LMDAs can be seen as an additional means of steering provincial employability efforts, and it is noteworthy that the negotiation and implementation of these agreements served to develop good will and the growth of new partnerships.

Even if we do not look at the impact these agreements had on social assistance and simply focus on training, it is not clear that the interscalar articulation in the training field has changed that greatly. True, the federal government is not as directly involved in providing training benefits, but the provision of those benefits remains within the framework the federal government set out, and likely will not lead to a great increase in provincial divergence given the training infrastructures in place. Moreover, by unloading
existing training programs following significant cuts in training outlays funded by the Consolidated Revenue Fund, the federal government can now move back into the training field with new programs and strategies without having the administrative and financial burden of past programs to slow it down. It can thus be innovative in fields such as programs for youth, access to postsecondary education, and the development of a “skills agenda” and steer the existing programs in new directions as conditions change. Again here, one sees less of a reconfiguration of the scales of social and economic regulation so much as a renewal of an earlier pattern of federal activity to set the policy agenda and to ensure a certain degree of pan-Canadian policy convergence or integration.

A final example, namely the National Child Benefit (NCB) program, illustrates how the federal government continues to perform an agenda-setting and steering role in social assistance. In the late 1990s, partly in response to provincial suggestions, the federal government introduced a supplement to its income-tested Canadian Child Tax Benefit, intended for low-income parents. The federal government negotiated the supplement with the provinces in order to ensure that they would not simply deduct the supplement from social assistance payments and reap a windfall. The federal-provincial agreement stipulated that the sums the provinces clawed back from social assistance recipients (leaving their children no better off) needed to be reinvested in five broad fields, namely: children’s benefits and earned income supplements; child care; early childhood services and children-at-risk services; health benefits, and “other,” including work incentive programs and “training initiatives that help parents find and keep work.”

The nature of federal-provincial relations around the NCB can be debated, but the interest here is on how the federal government continues to steer provincial social assistance programs, even post-CAP. The NCB continues to define the agenda of social assistance reform around the issue of labour force attachment. It emphasizes work incentives and the “welfare wall,” namely the difficulty of ensuring that single parents are better off working than on social assistance, as a key policy problem that can be solved through earned income supplements, work incentives, employability, and a thin patina of early childhood services. Again, in light of the existence of devel-
oped social assistance programs, the federal government no longer needed to maintain CAP to maintain its role since CAP’s provisions provided little leverage for reform. Instead, through relatively inexpensive programs like the NCB, the federal government can work on the provincial social assistance program by defining the reform agenda and developing ideas and best practices for provinces to follow.

**Conclusion** In sum, the experience of social assistance policy in Canada demonstrates an important qualitative shift in policy content, but the nature of federal-provincial relations has not changed greatly over time. Indeed, in terms of building pan-Canadian citizenship, the recent experience may be one of greater visibility and leadership for the federal government, albeit around neoliberalized conceptions of social rights. What has been “lost” is the Canada Assistance Plan and its conditions. Welfare rights and progressive social policy organizations used this plan and its conditions to make gains, but their popular resonance should not be overstated. Broad claims could be made about basic assistance being a right of Canadian citizenship, but mobilizations for improved social assistance policy almost always targeted the provincial state. Moreover, while provinces have greater leeway in the delivery of social assistance without CAP, including adopting harsher forms of workfare, the degree of divergence between provinces and their general policy trajectory have not changed markedly post-CHST.47

Indeed, provincial social assistance systems continue along their earlier trajectories, which were shaped in important ways by the federal government’s employability agenda. What the end of CAP has done is provide the federal government with new opportunities to set the agenda in the field. No longer tied to provincial agendas through cost-sharing, the federal government can propose new programs at the interface of social assistance that privilege certain strategies over others. The NCB is a prime example of this in terms of further embedding the welfare-to-work orientation of provincial social assistance systems by building new policies around the premise of the welfare wall.

In the process, one can underline the extent to which changes in Canadian social assistance were intimately bound up in interscalar relations, as a shift
from a limited social rights perspective to an employability perspective involved
the renegotiation of policies and the transfer of approaches across the federal-
provincial interface. As different visions of how to redefine social assistance
existed at the provincial level, this process was not always a harmonious one.
Yet despite the presence of experimentation at the local level and arguments
about the importance of the welfare-training interface for regional economic
competitiveness, the basic outlines of interscalar relations in social assistance
remained. Theoretically, this suggests that where relations between different
scales of political regulation are thickly institutionalized, significant policy
changes may not imply a change in interscalar relations. Strategically, this
raises the question of whether policy changes moving in the direction of
democratization could again work through these federal-provincial mechanisms
and extend universal rights in a political system with strongly institutional-
ized claims to both provincial and national diversity.

The Canadian Left’s answer has been “no” in terms of the second (i.e.,
national) claim, and has led to the ingenious scalar strategy of asymmet-
rical federalism. It has also tended to answer “no” in terms of the first claim
by assuming a centralist Canadian identity that may not be so easily conjured
into existence given the rootedness of provincial claims. However, in the
immediate context of a relatively weak Left, it may be worth emphasizing
means of diffusing progressive innovations through existing federal-provin-
cial processes (rejigged to allow Quebec to participate in its own way), as
opposed to expending energies trying to rescale citizen allegiances.

More concretely, this analysis suggests that the Canadian Left’s call for
a strong central government is unhelpful when applied without reference to
a reading of social struggle at different scales at specific junctures. The
employability and workfare agendas, as well as the renewed emphasis on
the welfare wall, involve the federal government’s active participation in
setting directions and encouraging provincial initiatives. The problem was
not the weakness of the federal government, but the weakness of progress-
ive forces at all levels. At the federal level, they could not prevent federal
initiatives from ratifying and generalizing provincial workfare experiments,
while provincially they proved unable to challenge the workfare agenda with
promising alternatives. Turning the policy tide in the current context may
require a scalar opportunism of using whatever openings are available to progressive forces to challenge and shift the elite consensus of intergovernmental relations away from workfare and onto more promising terrains of antipoverty strategies and social rights.

Notes

1. I would like to thank Caroline Andrew and Roger Keil for their suggestions, as well as Rianne Mahon and Alain Noël for their encouragement at early stages of this project. SSHRC provided financial support for some of the research reported here.


Studies in Political Economy


16. The link of identities with scale-bending comes from Neil Smith, “Scale Bending and the Fate of the National,” in Sheppard and McMaster, (eds.), *Scale & Geographic Inquiry*, p. 205.


26. Ibid., pp. 58, 60.


Rebuild Social Policy Leadership," Canadian Public Policy 30/1 (2004). Some of these new tools and new principles may prove antithetical to progressive values, as forces of privatization gain strength at both the federal and provincial levels.

31. Gerard Boychuk, in “Social Assistance and Canadian Federalism,” in François Rocher and Miriam Smith, (eds.), New Trends in Canadian Federalism 2nd ed. (Peterborough: Broadview, 2003), points out that these “passive” programs were, in fact, quite active in keeping mothers out of the labour market.


34. For more details on provincial social assistance policies in this and subsequent paragraphs, see the relevant sections in Peter Graefe, Striking a New Balance: Neoliberalism, the Provinces and Intergovernmental Relations in Canada, 1985-2002. PhD dissertation: Département de science politique, Université de Montréal (2002).

35. Bashevkin, Welfare Hot Buttons, p. 31.


41. Ontario has not signed an agreement. Several provinces have signed “co-management” agreements whereby the federal government does not transfer staff and funds, but provincial officials jointly manage program design and implementation. See Thomas Klassen, “The Federal-Provincial Labour Market Development Agreements: Brave New Model of Collaboration” in Tom McIntosh, (ed.), Federalism, Democracy and Labour Market Policy in Canada (Kingston: School of Policy Studies, 2001), p. 177.


45. For a fuller account, see Boismenu and Graefe, “New Federal Tool Belt….”


47. Ibid., pp. 280–282.