Paper presented at
Annual Meeting Workshop
Family Service Association
Edmonton

by

Graham Riches
Professor of Social Work

Faculty of Social Work
University of Regina
Regina, Saskatchewan
S4S 0A2

POVERTY AND UNEMPLOYMENT:

ASSUMPTIONS, RESPONSIBILITIES AND CHOICES

Monday, May 25, 1987

POVERTY AND UNEMPLOYMENT: ASSUMPTIONS, RESPONSIBILITIES AND CHOICES

Thank you very much for inviting me to speak at your Annual Conference. It is once again a great pleasure to visit Edmonton and Alberta. It is always good to be able to compare and contrast developments in Saskatchewan and Alberta and to try and learn from our different but sometimes similar experiences. This is important so that we can develop more effective, efficient and compassionate social and economic policies.

I have been asked to speak this afternoon on the topic of commonly held assumptions about poverty and unemployment acting as obstacles to change; and of society's responsibility to address the needs of the poor. Clearly this theme is very topical in Alberta today. Indeed, it has been since the beginning of the 1980s and judging by the province's level of unemployment and numbers living below the poverty line, will continue to be a critical issue affecting the personal lives of many thousands of people. As social and economic issues, they will be on the public agenda for many years to come. The Alberta government's March 23 decisions regarding welfare reform, including cutting shelter and food allowances for single, employable welfare recipients (**Western Report**, May 11, 1987) and the storm of protest it created, is also testimony to the fact that how society decides to address the problem of poverty raises critical choices in social policy; and can make for extremely divisive politics as we have been experiencing in Saskatchewan for some time.

However, what I would like to do is to try and step back a little from the heat of the moment and address the question of why it is that given all we know about the facts of poverty, unemployment and maldistribution of wealth in

Canadian and Albertan society, we still continue to neglect the poor and the unemployed. Indeed, as times get harsher, public support becomes even more parsimonious. This view is confirmed by my research into hunger and food banks in Canada in the 1980s, with the evidence clearly showing that the rise of food banks is concrete evidence of the collapse of our public safety net (i.e., unemployment insurance and social assistance). In other words, what Martin Rein has called the iron law of welfare comes into play: meaning that those who are most in need, do in fact receive least. Furthermore, if we look beyond food banks as a response to a failed safety net and increasing poverty, it is the spectre of large scale and long term unemployment which is clearly the challenge we face. While unemployment rates in Alberta have only risen sharply since 1981/82, in Canada as a whole they have been on the increase for the past twenty years, rising, with occasional marginal declines, from 3.9 percent in 1965 to 10.5 percent in 1986 (**Canadian Social Trends** 1986). As the brochure for this conference suggests, poverty has been ignored and so has unemployment. Why is it that those most in need do in fact receive least? Despite all we know about poverty, why do we seem to be so incapable of acting?

This is a very large question and not one which can be adequately addressed in the time we have available, but it does seem that the answers have a great deal to do with how we think about poverty, unemployment, welfare and the nature and meaning of work in society. For such assumptions will shape the policies and programmes which are designed to respond to poverty and unemployment. The essential message is that how we think about the poor, the unemployed and those on social assistance is how, as a society and as individuals, we will treat them.

What I would like to do therefore is identify certain commonly held assumptions about poverty, unemployment, welfare and work; consider them and indicate how they might act as obstacles to dealing with the problem and at the same time suggest alternative ways of thinking which might help us develop more effective policies and actions. I would then like to conclude with some observations about the role of social work and family service agencies in the fight against unemployment.

Commonly Held Assumptions: Obstacles to Reform?

1. Poverty as the failure of the individual. This assumption embodies a number of notions. Essentially the argument is that as poverty is the fault of individuals, it is they who are responsible for pulling themselves up by their own bootstraps and finding work. In fact, the best guarantee of welfare in society is for each person to look after her or his own welfare. Government should only be responsible for the bad risks (the sick, the insane, the deviant, criminals) and we as individuals, in families, churches, voluntary agencies should be responsible for our other social needs.

Why is it that such residual ideas can be considered to be obstacles to dealing with the problems of poverty and unemployment? The main reason must surely be that they provide an insufficient explanation for the existence of poverty and unemployment.

While recognising that each of us as an individual has our own choices to make, it is nevertheless clear that the massive increases in official unemployment in Alberta in recent years (from 4.6 percent in 1981, to 11.3 percent in 1983, to 9.8 percent in 1986 [seasonally adjusted]) have not resulted from personal inadequacy. Individuals have lost their jobs because

of reasons beyond their control; and cannot find new employment because paid employment is not available.

However, if the notion of individual responsibility persists in its absolute form (a philosophy which is becoming increasingly prevalent in Saskatchewan), then the kinds of employment and welfare policies we devise will be far from adequate. What we will see emphasised is short term job creation (recycling people back onto UI); cuts to already inadequate welfare benefits under the guise of welfare reform; workfare and limited retraining and life skills programmes all targetted at changing the individual. The tragedy of these approaches is that not only are they generally ineffective in responding to the needs of the poor but they also increase human suffering. In cost benefit terms they are largely inefficient. Nor should it be assumed that simply having a job removes one from poverty. In the 1970s, 60 percent of the poor had employment.

2. The poor do not want to work. The key ideas informing this assumption are not only do the poor not want to engage in paid employment, but they prefer a life of idleness and dependency on welfare. Furthermore, if welfare benefits are too generous, whatever will the poor do have to work will be weakened or destroyed. In other words, the work ethic will be so undermined that society will be unable to generate wealth; and most significantly, economic growth.

These ideas act as obstacles to effective anti-poverty and pro-employment and adequate income and benefit policies because they again assume that the fault lies either within individuals or particular sub-cultures. Stereotypical images of the poor are created and transmitted and provide the basis for punitive welfare policies. Again, little is done because there is

little chance of success and fiscal restraint and cutbacks are seen to be preferable approaches. Welfare abuse is identified as a critical problem and verification units (sometimes called Entitlement Control Units or fraud squads in Saskatchewan) are established to track down so-called welfare cheaters. However, as we know, despite these measures which themselves are expensive to administer, poverty persists, welfare rolls remain high and unemployment shows little sign of abating.

In considering this assumption in more detail, it is important first to point out that a number of studies show (Kershaw 1972; Goodwin 1973; Ternowetsky 1977) that the poor do indeed want to work and the incentive to work is not destroyed by income maintenance programmes. Again, as other studies have shown, there is in fact more to working than simply earning income. Jahoda's classic study (as quoted in Smith 1985) conducted in the 1930s showed, "work imposes a time structure on the day, provides social contact outside the family, gives a purpose and sense of achieving something with others, assigns social status and requires regularity" (Smith 1985). Work attachment remains strong in Canada, though there will be some understandable loss in areas of chronic and high unemployment. The essential point has, however, been well stated by Goodwin:

> The poor reveal less confidence in themselves and greater acceptance of welfare than the middle class. But middle class respondents mistakenly deny that the work ethic is strong among the poor, fundamentally misunderstand how high work ethic leads to increased feelings of insecurity .... These misperceptions encourage middle class political leaders and their constituents to support so-called welfare reform which emphasizes a strong work requirement and below-poverty level base payments.

We also need to remember that there are many reasons why people cannot obtain regular and adequately paid employment, e.g., raising children,

disability, age, not to mention gender and ethnic discrimination and the lack of paid employment itself. This is not to say, however, that people in these situations do not work, as any homemaker will tell you. The problem is that their work does not command a wage in the market place.

Second, the idea that the poor do not wish to work feeds and is driven by the whole question of welfare abuse. Stories abound of people cheating the welfare system (**Western Report**, April 13, 1987) and built into these cases is the assumption that the poor will do anything rather than an honest day's work. The problem with the stories, given that some may be true, is that they are never based on systematic research. The evidence with which I am familiar shows that welfare abuse has more to do with inappropriate policies, administrative error, mistargetting of benefits and poor discretionary judgments (Hasson 1980; Bendick 1980; Greaves 1983) In fact, Hasson's Canadian research shows that in Unemployment Insurance penalties assessed amounted to only 2.01 percent of all claims in 1978 and dollar amounts lost are minimal when compared to total expenditures. Morever, income tax evasion constitutes a far more serious problem than abuse of either unemployment insurance or social assistance schemes. Indeed, on this last point Hasson argues that,

> We take a far more serious view of welfare abuse than we do of tax evasion. The chief reason for this difference in treatment is that we regard tax evaders as "productive" people, whereas we see people who are on welfare as being "non-productive."

Third, we must also entertain the idea that generous welfare benefits will destroy the will to work. However, as indicated earlier, this notion is difficult to support. Perhaps, however, the true test of the notion would be to make social assistance benefits at least adequate if not generous. Let us first raise them to the poverty line. Alberta, like Saskatchewan, has some of

the highest welfare benefits in Canada, yet in 1985 for a four-person family in Alberta they were only 69.5 percent of the poverty line (**Social Infopac** 1986) and those for single employables, before the recent cuts, stood at only 56.7 percent of what is considered necessary to subsist by Statistics Canada.

The logic, therefore, of these ideas for policy is to keep welfare benefits low, develop strong work requirements and workfare schemes, use harsh and categorical eligibility criteria and in fact perpetuate the very poverty which it is argued the programmes are designed to eradicate.

3. Economic growth is the answer to poverty and effective income redistribution. This, of course, is a key assumption underlying government economic policy and along with commitments to high employment policies and a social minimum below which no one should fall represented the post World War II social consensus. Essentially the argument is that from the surplus wealth generated the welfare state and effective income redistribution could be financed. Of course this notion also implied that paid employment would be available, that we should all be prepared to work and accept the going wage rates. More particularly the private sector, at least in recent years, was the preferred engine of growth.

Indeed it appeared that this assumption had much to commend it at least until the mid-seventies when policies of monetary and fiscal restraint began to be applied on a broad and continuing scale in Canada. Now in the late 1980s we can see that this social consensus appears to have come unstuck and as a society we are divided as to how to proceed. Evidence that a strong commitment to economic growth is the best guarantor of our welfare no longer appears to hold.

First, there has been little or no change in the relative share of household income received by the richest and poorest groups of income earners in Canada in the generation up to 1984. In 1951 the bottom quintile received 4.4 percent and in 1984, 4.5 percent, of total household income. The figures for the top fifth, the richest earners, were 42.8 percent and 43 percent respectively (**Social Development Overview** 1984).

Second, it should be noted that unemployment in Canada has been generally on the increase for 20 years and we now live in a society in which the economy grows but unemployment still rises or remains at intolerable levels. Consequently poverty shows little signs of abatement.

Third, there is strong evidence that even as our economy grows, albeit slowly, we are creating a society of three solitudes: the world of the permanently employed and well-paid; the casual, temporary and part-time employed; and the unemployed as a permanent underclass who may experience anything from long spells of underemployment to significant and lengthening periods of chronic or long-term unemployment.

Fourth, state support for the private sector led recovery in the form of corporate welfare (tax breaks, deferals, subsidies), while seeming to support growing profits, is at the same time creating unemployment (Ternowetsky 1985).

Fifth, it is quite clear that in the Canada of the 1980s and 1990s, full employment is, and will be, a distant memory with the commitment to a public social minimum (given the rise of the food banks which signifies the collapse of the public safety net) largely a matter of history.

We should, therefore, be wary of messengers who come bearing prophecies of the benefits of economic growth as being the panacea for our problems.

4. The welfare state is too costly. The idea that we cannot afford an effective and compassionate welfare state is another commonly held assumption which bears discussion. It also acts as an obstacle to dealing effectively with the problem of poverty. The underlying idea is that social spending in Canada is too high and is the major contributor to the deficit. The argument of course is that the welfare state is a drain on our national wealth. The answer is to return to voluntary and private forms of welfare and social development.

It does not matter that the basic assumption is incorrect. Canada, when compared to the 7 major OECD countries, is only a middle rank spender on social security. In terms of all 19 OECD countries, figures for 1981 show that Canada's social expenditure as a percentage of GDP (Gross Domestic Product) was 21.7 percent, only marginally above the United States (21.0 percent) and Canada placed twelfth. Again, in terms of its annual growth rate of real social expenditure, Canada's record of 2.9 percent between 1975 and 1981 was only slightly ahead of West Germany, which placed last at 1.9 percent of the major OECD group and eleventh in the total group (**OECD Observer** 1984). If we look more specifically at Canada's spending on social security transfers in 1981 as a percentage of GDP compared to the other members of the top OECD club, Canada placed last at 10.2 percent. The average for the 7 members -- the U.S., Japan, West Germany, France, the U.K., Italy and Canada -- was 13.6 percent. Indeed, between 1960 and 1981 Canada's spending only grew by 2.2 percent and was overtaken by the U.S., the U.K. and Japan (OECD 1983). It is difficult to maintain the argument that Canada is a high social spender.

This is not to suggest that the costs of social security have not been rising. As the International Labour Organization has pointed out, the

maturing of programmes, social and demographic change, the rising costs of health care and unemployment are generally regarded as major structural causes of increased expenditures. However, if governments make us believe that our social spending is too high particularly on account of public intervention, then restraint and cutbacks are the consequence. We then question the legitimacy of the very services, imperfect though they may be, we have struggled to create.

We also need to understand that in too many ways our welfare state (in terms of social programmes), fiscal welfare (personal and corporate taxation and subsidies) and occupational benefits works in favour of the rich and middle income groups at the expense of the poor. In other words, our welfare system does not deal effectively with redistribution, as its primary function is to preserve the status quo.

If, as I have suggested, the four commonly held assumptions which have been discussed (namely the ideas that poverty is the fault of the individual; the poor do not want to work; economic growth is the answer to poverty; and, an effective and compassionate welfare state is too costly) do act as obstacles to developing effective anti-poverty and unemployment policies, why might we ask are they so consistently applied? Perhaps the answer is not one which we find acceptable -- namely that poverty is a desired state of affairs and certain levels of unemployment (up to 20 percent in Newfoundland, and up to 90 percent in certain Indian and northern communities) are quite acceptable and even necessary if the rest of us are to enjoy the standard of living which we do. In other words, the underlying intent of many of our state social and economic policies is to ensure the maintenance of a certain level of poverty. As some would argue, the true function of our welfare system (i.e., in terms

of inadequate benefits, cutbacks and workfare) is to discipline labour. This in my view is certainly an idea which merits serious attention.

Alternative Assumptions

I would now like briefly to consider a number of alternative ways of thinking about poverty and unemployment and then conclude my remarks by commenting on the potential role of social workers and family service agencies in responding to such issues; and by raising a number of questions for the discussion groups.

1. Commitment to full employment as the key policy

First, I believe it is important to recognise that a number of western industrialised countries with capitalist economies have managed to steer their countries through the recent economic downturn with relative success. Sweden, Austria, Norway and Switzerland, and perhaps Japan, have been able to do this, because they have historical and institutional commitments to full employment (Therborn 1986). What this in essence means is that the litmus test of effective economic and social policies in these countries is their impact on employment: their goal is full employment. What is interesting about these countries, according to Therborn, is that they range from the social democratic left to the liberal/conservative right. Full employment policies in Sweden and to some extent in Norway result from a historically strong labour movement; in Switzerland and Japan from a recognition that the best way to preserve the status quo (i.e., the balance between order, stability and capital accumulation) is to keep people gainfully employed. Austria falls between these two poles.

Underlying such policies is the recognition of the importance and in some cases of the right to work and a respect for the dignity of labour. It also seems evident that these countries are intent on providing jobs for all who want them. A commitment to full employment (that is the availability of jobs for all who want them at decent wages) is in my view the sine qua non of any sane and compassionate economic and social policy. How in Canada we might reach towards such a policy is a difficult matter and would involve among other things rethinking our concept of work (and meaningful, paid employment), developing effective labour market strategies at the federal and provincial levels and examining the relationship between economic and social spending.

However, in thinking about a concept like full employment, perhaps we have to move away from a reliance on the traditional or productivist work ethic (which to me suggests that some forms of work are more valuable and useful than others). That work ethic is also based on the sexual division of labour (Novick 1986). We need to think of new forms of social legitimacy which reward the labour involved, for example, in child rearing, artistic creativity, social care and personal services, studying and the contributions of seniors. Full employment should be synonymous with a fully participatory society.

2. Commitment to adequate incomes

Also, as a society we need to make a strong commitment to the realisation of adequate incomes which, at the very minimum, enable people to live above the official poverty lines. This should apply to employment and non-employment incomes.

However, we need to be very cautious in our attitudes towards the guaranteed annual income. While I do believe that all of us in a fully participatory society do have the right to paid employment and to receive adequate incomes, we should not assume that a GAI will necessarily solve these problems for us (even if we do believe it is affordable). If you recall, earlier I spoke of the likely division of society into three sectors: the full employed; those partially/temporarily at work; and the permanently unemployed. The danger of a GAI is, according to Novick, that it might legitimate and sustain that underclass: the reason being that "it would become an explicit replacement of full employment as the cornerstone of public policy in industrialized societies," and that society would assume those people were all taken care of despite the fact that the level of GAI benefit (if Macdonald 1985 is any guide) would rest well below the poverty line. Certainly we do need adequate incomes for all those in paid employment and those who are unable to participate, but the choice of full employment actively pursued through public policy is the way ahead, not subsidising unemployment at less than adequate levels.

3. Commitment to an integrated welfare state

My third point is that it is quite possible to have a well developed welfare state in a mixed economy. It is not the case in my view that welfare expenditures in Canada are a burden on the state, nor that income redistribution policies that would declare a preferential option for the poor (to use the term expressed by the Catholic Bishops) would bankrupt the country. Indeed, it is important to note that Canada is not a high welfare state spender compared to some countries which have better employment/ unemployment records. More importantly, perhaps, we should bear in mind that

in 1982/83 unemployment cost Canada $76 billion (Deaton 1983). This includes estimates of lost production, lost earnings, UI benefit payments, social cost (stress indicators) factors, lost tax revenue and lost education and training in terms of depreciation of human capital. The $76 billion was was equivalent to 22 percent of the GNP in 1982/83 and was three times greater than the federal deficit at that time.

What these findings indicate is that we have to find a way of integrating economic and social policy, of developing an integrative welfare state (i.e., not one which is seen as residual to the economy); of looking at the employment potential of social welfare and recognising the economic and employment potential of a strong public sector.

To conclude this section, I would therefore argue that we need to promote a policy of full employment, adequate incomes for all within and without the labour force and a fully integrated welfare state which ensures, among other things, effective income redistribution.

Implications for Social Work and Family Services

What then has all of this got to do with the Family Service Association and social work practice?

Clearly, the fact that this workshop is addressing the theme of poverty, income distribution and unemployment suggests that these are issues facing your agency. Perhaps there are two kinds of comment which might be helpful, in light of the fact that your agency is engaged in both practice and advocacy. My reason for suggesting this is based on my experiences with the Regina Food Bank of which I am a board member. During the past year we have begun to develop a public education and advocacy programme largely because we

see the problems of hunger in our city being beyond the capacity of one social agency's competence. We also believe that the Food Bank has a great deal of public legitimacy, is in no way dependent on government purse strings and has an obligation to speak up.

However, in your situation, I expect the history and issues are somewhat different, particularly because you are engaged in a wide range of individual and family practice. What, might your counsellors, homemakers and parent aide workers ask, can we do in response to the idea that responsibility for poverty and unemployment rests with society? At the level of individual practice what can be done? What link is there or should there be between counselling, public education and advocacy?

My first comment is that advocacy should inform individual practice and counselling should educate agency practice or advocacy. A number of recent studies largely emanating from the U.S. and the U.K. support this. Indeed, as I am sure you are aware, Family Service America recently published a study entitled **Serving the Unemployed and Their Families** (R. Sunley and G. William Sheck 1986). In Canada, the publications of the Canadian Mental Health Association in this field are to be applauded. Essentially the message of the accumulating body of research is that social work practitioners need to pay much more attention to the work (employment/unemployment) histories of their clients and give it as much attention as collecting data of family history. Why? Because increasing numbers of clients are being affected by unemployment and, in fact, problems arising from the division of labour at home is likely to be a very significant factor in explaining family breakdowns and related problems. Social workers, who are well placed at the front line to observe and experience what is going on, are being urged to collect better data on

unemployment and its impact (Briar 1983) and make this available for public education and advocacy purposes. Schools of social work are being encouraged by the International Network on Unemployment and Social Work to give high priority to employment and unemployment issues in their curriculum as it is widely believed that such education and training is lacking.

My second comment is that the public education and advocacy role is crucial. If we accept that poverty and unemployment are societal responsibilities then social agencies working in this field should respond in terms of working with other agencies (both public and private); and in advocating policies and programmes that are beyond their individual or collective capacity to develop, e.g., policies to deal with community and plant shutdowns; services to respond to company lay-offs, the needs of the long-term unemployed and adequate social assistance benefits. Nor should we shrink from criticising government policies which we see are ineffective, inefficient or harmful; and moving beyond in terms of alternative policies.

In conclusion, we might disagree on what the agenda for such policies might be but the issues of poverty and unemployment are too widespread and socially divisive to let fall on the backs of individuals and their families. There are choices to be made and actions to be determined. The reality is that current income redistribution policies are ineffective and unemployment will be with us for many years to come. The choices we make are crucial and how we think about the poor and the unemployed, both individually and societally, has a very direct bearing on the outcome.

Bibliography

Baum, G. and Cameron, D.
1984 **Ethics and Economics. Canada's Catholic Bishops on the Economic Crisis**, Toronto: James Lorimer.

Bendick, M., Jr.
1980 "Targetting Benefit Payments in the British Welfare State," National Conference on Fraud, Waste and Abuse in Government Programs, Pittsburgh: University of Pittsburgh.

Briar, K.
1983 "Unemployment: Toward a Social Work Agenda," **Social Work**, May-June.

Deaton, R.
1983 "Unemployment: Canada's Malignant Social Pathology," **Perception**, Vol. 6, No. 5.

Goodwin, L.
1972 "How Suburban Families View the Work Orientations of the Welfare Poor: Problems in Social Stratification and Social Policy," **Social Problems**, Vol. 19, No. 3.

Greaves, J.
1983 **Discretion, a Study in Equity**, M.S.W. Thesis, Regina, Sask.: University of Regina.

Hasson, R.
1980 "Tax Evasion and Social Security Abuse: Some Tentative Observations," **Canadian Taxation**, Summer.

International Labour Organisation
1984 **Into the Twenty-First Century: The Development of Social Security**, Geneva: ILO.

Kershaw, D.N.
1972 "A Negative Income Tax Experiment," **Scientific American**, Vol. 227, No. 4.

Macdonald, D.
1985 **Report of the Royal Commission on the Economic Union and Development Prospects for Canada**, Ottawa: Minister of Supply and Services Canada.

Mishra, R.
1984 **The Welfare State in Crisis**, Wheatsheaf Books, Ltd.

Novick, M.
1986 "A New Work Agenda for Canada," Public Interest Symposium, Ottawa, October 5-7.

OECD
1983 **Historical Statistics, OECD 1960-1981**, Paris: OECD.

OECD Observer
1984 Issue No. 126.

Orr, F. and Slobodian, L.
May 11, 1987 "Mrs. Ostemann under attack," **Western Report**, Vol. 2, No. 16.

Orr, F. and Slobodian, L.
Apr. 13, 1987 "Ripping off the Welfare System," **Western Report**, Vol. 2, No. 12.

Rein, M.
1970 **Social Policy: Issues of Choice and Change**, Random House.

Riches, G.
1986 **Food Banks and the Welfare Crisis**, Ottawa: Canadian Council on Social Development.

Smith, R.
1985 "Occupationless Health," **British Medical Journal**, Vol. 291.

Social Development Overview
1986 "Social Reform based on Canadian Values," Canadian Council on Social Development, Vol. 4, No. 1.

Social Infopac
1986 "Welfare Benefits: An Inter-Provincial Comparison," Social Planning Council of Metropolitan Toronto, Vol. 5, No. 1.

Statistics Canada
1986 **Canadian Social Trends.**

Statistics Canada
1985 **Historical Labour Force Statistics**, Cat. 71-2001, Annual.

Sunley, R. and Sheck, G.W.
1986 **Serving the Unemployed and Their Families**, Family Service America.

Ternowetsky, G.
1985 "Controlling the Deficit and a Private Sector Led Recovery: Noble Themes or Symbols of Legitimation," 2nd Conference on Provincial Social Welfare Policy, Calgary, May 1-3.

Ternowetsky, G.
1977 "Work Orientations of the Poor and Income Maintenance," **Australian Journal of Social Issues**, Vol. 12, No. 4.

Therborn, G.
1986 **Why Some Peoples are More Unemployed Than Others**, London: Verso.