

# Community Initiation of Welfare-to-Work

By Christopher Leo and Todd Andres

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# 1. The New Economy and Community Development

RECENT CHANGES IN THE GLOBAL ECONOMY have enabled productivity to increase, allowing for new ways of generating wealth and creating economic growth. At the same time, it has become increasingly evident that some are missing out on a share of the benefits provided by the New Economy. The New Economy, as identified by the Manitoba Research Alliance, is underpinned by three major structural changes. These are:

- A rise in general education levels.
- The development of new information technology.
- An increase in “invisible” trade in services, mergers and acquisitions, and the flow of information (Manitoba Research Alliance, 2003, 3).

Statistics Canada estimated that 64% of new jobs created between 1986 and 2000 will require from 13 to 17 years of education, leaving out a substantial portion of Winnipeg’s workforce. An under-trained and under-educated workforce brings with it many other social problems associated with institutionalized poverty, which have a profound effect on the well-being of communities unable to participate in the New Economy (City of Winnipeg, 1992, 5).

Community Economic Development (CED) is used as a response to the dislocations caused by the New Economy. This approach seeks to address the needs of all communities and groups by integrating the cultural, social and economic goals of the community. Eleven principles established in consultation with Neechi Foods (an aboriginal worker-run collective in Winnipeg’s inner city)

serve to define CED for the purposes of this paper. They are as follows:

1. Use goods and services produced locally.
2. Produce goods and services for local use.
3. Re-invest profits locally.
4. Employ residents over the long-term.
5. Develop local skills.
6. Make decisions locally.
7. Improve public health.
8. Improve the physical environment.
9. Stabilize neighbourhoods.
10. Actively support human dignity.
11. Actively support solidarity among neighbourhoods (Neighbourhoods Alive! Forum, 2002, 7).

In the past, Canada and other developed nations counted on a rising GDP to reduce both the number and percentage of low-income individuals. This relationship however, is no longer as concrete as it once may have been. Today, we cannot take for granted that economic growth will be the tide that raises all ships. This was most clearly demonstrated in Canada of the mid 1990s, when the low-income population increased despite growth in GDP in real terms and the addition of 214,000

new jobs in 1995, as well as 171,000 in 1996 (Torjman, 1998, 1,2).

Welfare rosters reached record highs for many cities in the early and mid-1990s. This spurred governments in Canada to focus more on finding solutions to the problem of ever growing welfare rosters, rather than seeking solutions to the problem of poverty. This was a trend in social assistance delivery in the 1990s, as U.S. Democratic President Bill Clinton embraced the conservative argument that welfare policies lead to family breakdown because poor women find government resources preferable to those of a low-paid spouse (Collins, 1992, 42). In 1996, U.S. Congress passed the Personal Responsibility Act, which allowed the termination of welfare benefits to long-term welfare households, and required participation in work or job training (Hardina, 1997, 131).

As a result of the drastic increase in the size of welfare rosters during this period, most Organization for Economic Cooperation and Development (OECD) countries have reorganized their welfare systems so that they are no longer “passive” transfers of cash to recipients, but are a more “active” policy effort. These new policies involve employment measures known as welfare-to-work and workfare programs (Reynolds, 1995, 106). The critical change made by these governments was the linking of qualification for benefits to participation in employment programs (Shragge, 1996, 13). This change is at least partially rooted in an ideology that individualizes the causes of poverty, focussing on the individual, rather than on broader social and economic factors.

The change from “passive” to “active” welfare measures in Canada was aided by then finance minister Paul Martin’s slashing of \$7 billion in transfer payments to the provinces when he discontinued the Canada Assistance Plan (CAP) and replaced it with the Canada Health and Social Transfer (CHST) (Jackson, 2001, 217). Under the CAP, welfare had been defined as a right. Furthermore, the CAP acted as a medium through which

the federal government contributed financially to provincial social programs and established national standards for the provision of social assistance. More importantly, the CAP did not permit provincial administrations to require welfare recipients to work in order to receive their welfare benefits. In that legislation, it was need that established eligibility for social assistance (Shragge, 1996, 23).

Since the introduction of the CHST, provincial social welfare departments have changed their mandates from finding effective ways to distribute welfare benefits to those in need, to finding ways to quickly reintegrate recipients into the workforce (Gorlick, 1998a, 3). As a result, employment initiatives are now integrated into provincial welfare programs.

## 1.1 Welfare-to-work vs. workfare

Central to the discussion of welfare reforms are the terms “workfare” and “welfare-to-work”. In this paper, the term “workfare” or “work for welfare”, refers to a system of social assistance in which qualification for welfare benefits is contingent upon participation in mandatory work measures. This approach fell into disrepute in the Post World War II welfare state, on the grounds that it tended to exert downward pressure on wages by creating a ready supply of cheap labour and that it risked driving some who could not adapt to the labour market into absolute penury. It has also been criticized, in the more typical case of social assistance recipients who are able to adapt to low-paid work, as failing to offer a constructive avenue toward better jobs and incomes.

We define workfare as incorporating some or all of the following elements:

- Recipients are forced to go to work
- Recipients suffer consequences if they do not go to work

- There is little or no opportunity for skill development
- The recipient has little or no choice in the type of job
- The work is not part of the competitive labour market and is created solely for the recipient (Gorlick, 1998a, 6).

While the majority of provinces deny that their programs are workfare, many of them carry penalties for failure to participate. In Manitoba, penalties for non-participation for recipients of social assistance with children, start at \$50 a month, and can be increased to \$100 per month after six months (Gorlick, 1998a, 7). Manitoba legislation actually permits harsher measures.

Section 5.4(1) of the Employment and Income Assistance Act states that the recipient must meet the work or employability enhancement measures as set out by the social services director assessing them. If they fail to do so, section 5.4(2) allows their social services director the ability to “deny, reduce, suspend or discontinue the income assistance” to that recipient (C.C.S.M. c. E98).

In Alberta, single parents with a six-month-old child are required to formulate an employment plan in partnership with a welfare official. Failure to do so can result in the termination of welfare benefits (Gorlick, 1998a, 7,8). More generally, Canadian social assistance policies are premised on the belief that it is lack of skills and training, not a shortage of punitive measures, that keep welfare recipients out of the workforce, but practical application of this premise has fallen short. Too often job placement for welfare recipients has taken on the character of workfare by providing mainly low-pay, precarious service sector jobs (Shragge, 1996, 29) with little opportunity for skill development, job advancement, or growth in sense of self-worth.

In this study, we explore avenues out of welfare through job placement, but aim at something better than workfare. Welfare-to-work, as we de-

fine the term, seeks to reintegrate welfare recipients into the workforce by offering opportunities for betterment, rather than threatening them with consequences for failure to work. Taking a cue from the folk wisdom that “you can catch more flies with honey than vinegar”, we argue that, if a welfare-to-work program is to contribute to the eleven principles of CED listed above, it must have the following tenets as its norms:

- Voluntary participation: The programs should support and encourage people to enter the workforce, instead of punishing them (CCSD, 1999, 1).
- Work that is useful to the community (as opposed to alienating make-work projects).
- Job training that is capable of leading to long-term employment at wage levels significantly higher than minimum wage.

## 1.2 Workfare in Quebec and community response

In 1989, even before the introduction of the CHST, Quebec became the first province to introduce welfare reforms. The objectives of the reforms were three-fold:

1. To identify those people deemed employable.
2. To introduce a stricter, more all-encompassing system of work incentives.
3. To compile better statistics on the welfare population to improve understanding of the dynamics of welfare use. (Reynolds, 1995, 111).

Quebec was the first province in Canada to introduce a workfare approach to the delivery of social services. One of the main lessons that can be drawn from Quebec’s experience with its reforms of the welfare system is a phenomenon called the substitution effect. This occurs when private companies hire labour from welfare-to-work programs at a subsidized rate. As a result, instead of

hiring from the general population, they do so from a pool of subsidized labour, causing opportunities to be lost for those potential employees who might have been hired without subsidization.

In a poll of 1,600 employers involved in Quebec's welfare-to-work programs in the private sector, fifty-two percent said that had they not hired a program participant, an unsubsidized worker would have been hired to fill the position (Reynolds, 1995, 131). This response suggests that there is upwards of a fifty percent substitution effect when private companies become involved in welfare-to-work programs (Reynolds, 1995, 132). While it may be the case that subsidies are good incentives for companies to hire social assistance recipients, if half of their hires are being subsidized to crowd out workers who are not on welfare, it is reasonable to ask whether the good the program is doing outweighs the harm.

When third sector organizations - community groups - become involved in these programs, the result is quite different. In Quebec, the third sector - also known as the social economy or the non-profit sector - was involved in employment training long before the government was. As a result of the cutbacks of the 1990s, many of these community-based organizations were forced to close their doors, or look for new sources of funding. In many cases, groups who were opposed to the welfare reforms in Quebec were forced to participate in these programs as they represented one of the few sources of funding available (Shragge and Deniger, 1996, 74). Participation in these programs revealed certain tensions:

- Groups that had once fought on behalf of their marginalized clients were running programs that made them managers of the poor.
- The community sector was becoming a new type of labour market, but one without employment standards and minimum wages.

One community sector organization, however, found a way of taking advantage of these programs in order to help its clients.

The Notre-Dame de Grace Anti-Poverty Group (NDG-APG), was formed in 1988 as a protest group against Quebec's welfare reforms. They secured funds under the guise of providing computer-based skills training and general pre-employment readiness. The benefits associated with the program included training participants as advocates for those on social assistance, as well as building a counter-culture of poor people through the creation of a literary magazine and maintaining an ongoing struggle against the welfare reforms (Shragge and Deniger, 1996, 75).

While the program participants saw the computer skills training as useful, it did not tend to pay off later in job hunting. However, the group used the same welfare-to-work program to establish two offshoot businesses that specialized in recycling furniture and clothing (Shragge and Deniger, 1996, 76).

Despite its mixed results, the response of NDG-APG to workfare is suggestive of positive potential in community initiatives to create job opportunities for social assistance recipients and equip the recipients for rewarding participation in the world of work.

We turn next to three other, similar initiatives. Two of these, like the NDG-APG programs, are voluntary sector-based and one was generated by municipal government.

# 2. Voluntary Sector-Based Welfare-to-Work

## 2.1 Alternative tomorrows in Winnipeg's North End

The North End Community Renewal Corporation (NECRC) seeks to promote the “economic, social and cultural renewal of the North End of Winnipeg”, by creating jobs, assisting residents to increase their job skills, and promoting higher levels of commercial and industrial activity, with the aim of improving the image of the community (North End Community Renewal Corporation, 2003, 1).

Recognizing that there were no career counselling or employment readiness training programs in the North End (Morin, 2003, 1), NECRC established the PATH resource centre. PATH – its name is an acronym for Planning Alternative Tomorrows with Hope – is funded by Manitoba Family Services and Housing, the same agency that operates Manitoba's workfare program.

PATH serves social assistance recipients from the North End who are referred by their provincial social worker. They are then given two years to work with the NECRC and integrate back into the workforce, but are given more time if they can show that significant progress is being made in surmounting their barriers to employment (Johnson, 2003, 1). The PATH program offers four kinds of assistance:

1. Six computer terminals are available for use by recipients, or anyone dropping into the

centre to do job searches or check e-mails. Support staff are also available for anyone lacking computer skills.

2. Mentors help recipients work through their employment barriers, often including addictions, abuse, and illiteracy.
3. Career counsellors help PATH participants build job-related skills, look up jobs and send out resumes.
4. An employment liaison helps recipients brush up on skills they will need to succeed in the workplace (Johnson, 2003, 1).

Participants are placed in a mentored job position, secured by PATH, usually in manufacturing or warehousing; sometimes in retail trade, including Giant Tiger, a discount store, and Wal-Mart, or in hotels as cooks or chamber maids. (Johnson, 2003, 1). Through its employment liaison, PATH is constantly in touch with organizations such as SEED Winnipeg, the Winnipeg Regional Health Authority and Mount Carmel Clinic in Turtle Mountain (Morin, 2003).

PATH accepts the challenge of dealing with some of the most difficult cases, including many instances of addiction and health problems. Nevertheless, by September 2003, 25 persons had been placed in jobs. Of these, eight remained employed in the same positions at that time. (Fairweather, 2004) Lacking the resources for tracking, PATH officials were unable to say how many of the others had changed jobs and how many had experienced other changes in their circumstances.

## 2.2 Community innovation in Nova Scotia

In Cape Breton, the experimental Community Employment Innovation Program (CEIP), a non-profit funded by the federal and provincial governments, challenges communities plagued with high unemployment to create home-grown solutions to tackle these problems in an effective and sustainable way. The CEIP, sponsored by the Social Research and Demonstration Corporation (SRDC), grew out of the belief that community organizations may be well suited to find solutions to social and economic exclusion in their own communities (SRDC, 2002, 6). The key features of the CEIP are:

- Communities selected for the program set up volunteer boards to define their own needs and to identify the kinds of projects that can meet those needs.
- Any local organization can develop a proposal for a project to provide community employment opportunities. If the local community board approves the proposal, CEIP participants are sent to work on the project.
- These participants receive a community wage, set at \$300 per week for up to three years. This salary is subject to increase with any increase in the provincial minimum wage. The community wage is taxable, insurable for UI purposes, and pensionable under the Canadian Pension Plan.
- Participants must be available for 35 hours a week to take part in approved activities. While the principal activity is working on community-based projects, participants also spend time in other activities including initial employment assessment, basic job readiness training where needed, and skill-building courses.

- Participants can switch back and forth between CEIP projects and other activities, such as work in the private or public sector, at any time during their three-year eligibility (SRDC, 2003, 1).

The program, which has been operating in the Cape Breton Regional Municipality since 1999, offers voluntary enrolment to 1500 participants, 750 of whom give up their welfare benefits to participate in the three year long program, while the other 750 who do not take part in the program act as the control group (SRDC, 2001, 7). The community-based boards are responsible for finding organizations and individuals who would be prepared to sponsor projects on which the program participants could work (SRDC, 2002, 6).

For the time being, this program remains an idea to keep in mind, rather than a model, because no evaluation will be available before 2008. On the basis of what is known at this writing, it is not known whether it will suffer from the substitution effect, or whether it will produce anything more constructive than short-term, low-wage jobs.

# 3. A Municipal Initiative in Welfare-to-Work

IN THIS STUDY we found only one initiative that was fully CED-compliant and that also succeeded in avoiding the substitution effect. It was voluntary, paid union wages, and provided training for good jobs. Ironically, this program, after achieving a series of impressive successes, has been dumped, and has passed unheralded into obscurity.

The program was the brainchild of the former director of Winnipeg's now-defunct Social Services Department. Until April 1999, Winnipeg was responsible for short-term social assistance (Province of Manitoba Press Release, 1999, 1), which went to the "employable" unemployed, those with disabilities expected to last less than ninety days, and single parents with children over the age of six (Province of Manitoba, 1994, 37). Those qualifying for provincial assistance included those with more serious disabilities and single parents with children under six.

In the early 1990s, Winnipeg's welfare rosters were reaching alarming levels. During the recession of 1994, one out of every 11 Winnipeggers was receiving social assistance in some form. In December 1994, more than 17,000 people were on the city's welfare rolls, while another 25,000 were receiving unemployment insurance (City of Winnipeg, 1995a, 3). Many of the younger recipients had very limited work histories, education and training.

Many older recipients had experience, but were unable to find work in the wake of plant closures, plant relocations and downsizing. These dislocations, common in the New Economy, intensify the problem of poverty, as the polarization of

wealth becomes more severe. Russ Simmonds, from his frontline vantage point as Winnipeg's Director of Social Services, saw the need to act creatively to counter the growing problem.

## 3.1 A constructive approach

In fact, he had been seeking a constructive approach to ballooning welfare rolls for some time. In 1992, he had brought forward a proposal for a series of preventive and curative measures designed to get some people off welfare, and reduce the numbers who would need social assistance in future, by providing them with good job and job training opportunities.

### *Education and apprenticeship.*

Pointing to a high school drop-out rate of almost 45 per cent, at a time when 64 per cent of new jobs required at least 13 years of education (City of Winnipeg, 1992, 3, 5), Simmonds argued that Winnipeg faced serious social problems if it failed to take preventive action. He noted the existence of highly successful programs in the suburban and exurban Transcona-Springfield and Seine River school divisions in which students at

risk of becoming drop-outs were induced to stay in school by being offered programs that combined traditional schooling with vocational and business education.

Such programs, Simmonds's report noted, were not available to highly vulnerable high school students in the city's core area. It proposed that the city initiate a dialogue with core area school divisions about keeping core area students in school, and directing them toward productive employment. (City of Winnipeg, 1992, 3)

It also proposed that the city assume leadership by establishing its own mentorship program, targeting 200 aboriginal and visible minority students from the core area. The city would contract with each student for a specific number of hours of paid work each week, on the condition that the student stay in school and with the understanding that students successfully completing the program would be placed on the hiring list for city jobs.

The report argued that, though such a program required a substantial commitment on the city's part, its successful operation could be used as a way of persuading local businesses to offer similar mentorship programs. In retrospect it could, with its emphasis on aboriginal students, also have been seen as an excellent starting point for Winnipeg in the establishment of good official relations with what was to become the fastest-growing segment of Winnipeg's population.

### *Job creation through job-sharing.*

In another approach to providing employment opportunities for people who might otherwise have difficulty getting jobs, the 1992 report recommended that the city institute a program of job-sharing, emphasizing the recruitment of aboriginal people and members of visible minorities, and provide day-care facilities at work. (City of Winnipeg, 1992, 9-10) These measures, the report argued, would be especially beneficial to women

with children. The recommendation was based on success with job-sharing within the Social Services Department, where the women who had taken advantage of the opportunity

... all have dependent children; they claim that they find their jobs much less stressful because they are able to spend more time on a regularized basis with their children. They enjoy their work more because they are enjoying their home life more. (City of Winnipeg, 1992, 10)

The report pointed out that women had accounted for 62 per cent of the growth in Winnipeg's labour force between 1971 and 1986. It also argued that job-sharing would not only help those who could benefit from flexible working hours, but also be cost-effective for the employer. Since this report was written, flexible working-hours have become a New Economy cliché and a widespread reality of work-places everywhere. The report now seems to have been ahead of its time – too far ahead, as it turned out, for Winnipeg's decision-makers.

### *Tri-level partnerships.*

Another recommendation of the 1992 report – one that eventually scored some impressive successes before being abandoned – called for the establishment of large-scale "work activity projects" initiated by the city and run in partnership with provincial and federal governments. The concept of a work activity project is enshrined in federal legislation as a permitted means of preparing unemployed people for entry or return to a workplace.

The report recommends that the city select needed projects, for which funding would not otherwise be available, and – in negotiation with federal and provincial governments as well as the Canadian Union of Public Employees (CUPE) – flesh out details of the work to be done and a funding

formula. The idea was that persons receiving social assistance would instead gain paid employment and on-the-job training. The costs of projects completed would be partially defrayed by the money all three levels of government saved on social assistance for the newly employed workers. (City of Winnipeg, 1992, 10-11)

The report recommended seven possible projects, including such disparate items as riverbank stabilization, newspaper recycling, Assiniboine Forest maintenance and development, noxious weed eradication and a residential waste stream composition study. It provided preliminary budgets for each. (City of Winnipeg, 1992, 12-18)

Collectively, these programs offered a long-term approach to re-integrating social assistance recipients into the workforce in a non-coercive manner while offering training that would have been useful to the participant, and projects beneficial to the community. The inclusion of CUPE in the negotiations would have provided a measure of assurance that the substitution effect would be avoided – that the jobs provided would not come at the expense of existing jobs. In short, the proposals were both practical – as later experience demonstrated – and fully CED-compliant.

From the vantage point of a dozen years later, the 1992 report has a remarkably current feel. Despite its careful attention to criteria that are important from a CED perspective, the report also displays an acute awareness of administrative and economic conventions that were only just coming into vogue. Job sharing, and the idea that it can be good for both employees and employers, remains to this day a staple of economic and administrative conservatives, while often lacking the ring of sincerity. Simmonds and his staff found a way to make the idea work.

And even neo-conservative New Economy hardliners could hardly object to the use of needed jobs and useful job training as means of getting people off the welfare rolls – though they might

well cavil at the idea of union participation and wages sufficient to support a family. Despite these strengths, the report was not implemented.

Years later, Simmonds recalled a city councillor dismissing it as “a Communist document.” (Simmonds, 2003) Whether our preference is to dismiss it as Communism or as New Economy orthodoxy, the idea proved too good to be killed that easily. In fact, a version of it had already been implemented, in the form of a Dutch Elm Disease control program.

### 3.2 Attacking the Elm Bark Beetle

One of Winnipeg’s greatest natural assets is its urban forest. Street canopies of mature Elm trees shape the character of many older neighbourhoods. From the tops of tall buildings, whole sections of the city are rendered invisible by the urban forest. In 1975, the first case of Dutch Elm Disease was spotted, after having already wiped out urban forests in many mid-American communities. (Province of Manitoba, 2003, 1) In Winnipeg, however, the progress of the disease has been slowed greatly, and the city’s urban forest remains a source of pride. One of the programs that helped, for a while, to make this possible was the Dutch Elm Disease control program.

Russ Simmonds initiated this program, initially as a response to a serendipitous opportunity. According to him, a provincial contact identified a \$350,000 surplus in the provincial social assistance budget, and asked him for a program idea. Simmonds responded by suggesting provincial-municipal job creation and training initiatives along the lines of the tri-level initiatives later recommended in his department’s 1992 recommendations (see Section 3.1) for dealing with ballooning welfare rolls. The idea, which evolved into a proposal for a Dutch Elm Disease control program, made it possible for him to secure matching funds from the province and the city. (Simmonds, 2003).

Beginning in 1986, social assistance recipients were selected and trained in such areas as equipment handling, urban forestry management, Dutch Elm Disease identification, and personal safety. (City of Winnipeg, 1995b, 12) The program targeted heads of households, paid union wages, and saved social assistance money by investing it in training and wages for work that was valuable to the community. The chances that it would lead to long-term employment for its participants – unlike the bleakly familiar useless-job-training-and-make-work schemes – were enhanced by a city policy of placing employees with more than 125 days' seniority on a recall list for future job openings. In short, the program was fully CED-compliant.

After six years, 236 former welfare recipients had completed the program and 47 per cent of them had secured continuing employment with the city. Others found work in conservation and other environmental fields, and with private companies such as nurseries and pruning companies (Province of Manitoba, Private Member's Business, Res. 17, Martindale; City of Winnipeg, 1995b, 12).

In carrying out this study, we were not able to secure a detailed evaluation of the Dutch Elm Disease program, but even without that it is clear that, by pooling their resources, the city and the province were able to secure the completion of needed work at a discount approximating the value of the social assistance payments saved. As well, there were likely long-term savings from welfare cheques foregone by those workers who secured long-term employment as a result of the program.

### 3.3 Infrastructure Renewal

In considering the Dutch Elm Disease control program, the available documentation has limited us to dealing in approximations, but more complete data are available for the Infrastructure Renewal Demonstration project. It was a voluntary

program, originally intended as a large-scale initiative that would have employed more than a thousand people, but fiscal pressures reduced the scope to that of a demonstration project (City of Winnipeg, 1995a, 11). Even the demonstration, however, provides evidence of the feasibility and potential effectiveness of the kind of tri-level initiative first proposed in 1992 by Winnipeg's Social Services department. (Section 3.1)

Since the project was designed at the local level, in partnership with the City's Public Works Department, it was informed by awareness of the needs of both the local community and participants in the program. In a city with an infrastructure deficit that, in the mid-1990s ran to the hundreds of millions – an infrastructure crisis so serious that vehicle-sized street sink-holes became a common occurrence – the case for infrastructure renewal was easy to make. (City of Winnipeg, 1998)

Simmonds presented his idea for the project in a meeting with the federal Liberal caucus before they came to power. In this meeting, he argued that all three levels of government could potentially save social assistance money by investing dollars, to be spent on wages and training, in the restructuring and resurfacing of city roads, back lanes and sidewalks. When the Liberals came to power, they expressed interest in financing the program. After securing provincial funding, Simmonds took the proposal to city council, and received approval to proceed. (Simmonds, 2003).

Over the course of implementation, each level of government spent \$759,266 on wages for social assistance recipients participating in the program, as well as their supervisors. The gross amount spent on wages was approximately \$2.3 million. However, when calculated against the savings in social assistance money accrued at each level of government, the project garnered \$2.3 million worth of wages for \$550,000. In fact, the federal government actually saved more in welfare costs

	Wage Expenditure	Projected Saving in Financial Assistance 1994-95	Net Cost [Investment] of Program
City	\$759,266	\$319,403	\$439,863
Province	\$759,267	\$544,374	\$214,893
Federal	\$759,267	\$863,778	[\$104,511] surplus
Totals	\$2,277,800	\$1,727,555	\$550,245

than it spent on infrastructure renewal. (City of Winnipeg, 1995b, 11).

The reported outcomes of the project were surprisingly positive, perhaps in part because, in a time of high employment, a relatively large number of capable workers were receiving social benefits. Unlike the PATH program in Winnipeg's North End, which accepts participants facing multiple challenges, the municipal government's initiative targeted young household heads, people substantially more likely to succeed, whose success would benefit whole families.

The work took place over the summer of 1994, and, by the end of the summer, program participants were working at the speed of other city crews and producing a finished product that met regular city standards (Simmonds, 2003; City of Winnipeg, 1995b, 11). Some reports actually suggested that the former welfare recipients, highly motivated to give the lie to stereotypes about welfare recipients, actually worked to a higher standard than city employees. (Simmonds, 2004) As a result of the project, participants gained useful training, and were able to put recent employment on their resumes.

Participants earned union wages – \$10.41 an hour, or \$832.80 bi-weekly (City of Winnipeg, 1995a, 14). The fact that program strategically targeted heads of large households might have been thought an obstacle to success, since a family of four on welfare would have received the equivalent of approximately \$9.50 an hour, and a family of five more than \$11 an hour (Redekopp, 1994, A1). Thus some of the workers were choosing jobs

despite the fact that welfare would have paid approximately as well, even after taking into account a city income supplement designed to maintain low-wage workers' incentive to secure and retain employment.

Here again high unemployment may have contributed to success because, especially in adverse labour market conditions, gaps in employment history look bad for future employment. Whatever the reasons, telephones at the City of Winnipeg were ringing incessantly with social assistance recipients doing everything possible to get into the program (Simmonds, 2003; Redekopp, 1994, A1). However one might seek to explain the program's favourable outcomes, they lend little credibility to the belief underlying workfare that welfare recipients can only be induced to work with threats of dire consequences.

One of the main issues involved in securing funding for many of these programs was the fact that the City paid union wages. The Progressive Conservative provincial government took the view that this was too much to be paying social assistance recipients, despite the fact that it was actually saving them money.

A city official reported that he and his colleagues explained repeatedly, but to no avail, that the province was saving money, not only on infrastructure and other needed projects, but also by reducing the financial and social costs of welfare dependency. The benefits of this program went well beyond the easy-to-measure cost savings, city social services officials argued. (Eagin, 2003)

The decision to favour heads of households for the program was made in the knowledge that

the whole family would benefit. A working parent becomes a positive role model for the children as they see their parent heading off to work in the morning. The self-confidence and self-respect of the whole family grows, replacing the feelings of desperation usually associated with receiving social assistance. (Eagin, 2003) Finally, because the program was generated at the civic level, it responded to community priorities and provided training known to lead to prospects for continued employment in future.

The provincial government's refusal to accept such arguments foreshadowed later provincial decisions, discussed in Section 4, that allowed the infrastructure renewal project to remain dormant, while other programs that paid minimum wage were implemented (Province of Manitoba, 1998-1999, 32, 33).

Union resistance, which might have been anticipated in other circumstances, did not materialize in this case, again because the program was a direct response to community needs. Ed Blackman, then President of CUPE (Canadian Union of Public Employees) and Paul Moist, local President during research for this study, both expressed support for Simmonds's initiatives. The unions recognized that the Infrastructure Renewal Demonstration Project was not taking work away from their employees, but instead was getting badly needed work done, which would not otherwise have been attended to (Simmonds, 2003, 2; Moist, 1996, Vol. XLVI No. 4).

Paul Moist, a vocal opponent of provincial workfare (see Section 4), took Simmonds's report on the project to unions all across Canada as an example of what could be accomplished. Because of the support Simmonds was given by union leaders, he was able to implement several successful and effective programs that got individuals off social assistance and into the workforce, while attending to the needs of the city (Simmonds, 2003).

The Infrastructure Renewal Demonstration Project was discontinued after one year as federal and provincial infrastructure money dried up, leaving the City unable to pick up the balance for the proposed second year. Russ Simmonds retired from the City of Winnipeg before the second year would have taken place leaving no one to follow up on the program (Eagin, 2003; Mauws, 2003, 1; Simmonds, 2003).

In follow-up interviews with program participants, Simmonds discovered that not one of them had been given any sort of opportunity for training while on employment insurance (EI). Those who inquired about academic upgrading or training activities were told to wait until they were contacted. Not one of them reported having been contacted. Almost all ended up back on welfare when their EI expired, indicating a serious problem with the nature of EI delivery. (Simmonds, 2003).

In fairness to EI officials, they lacked the resources of the City of Winnipeg, which was in a position, not only to identify available job opportunities, but to identify needs, secure funds for meeting them, and then make the jobs available, all with a view to producing training and job opportunities for people on the welfare rolls. In putting people on welfare together with job opportunities, a local government is clearly in a more advantageous position than a federal agency.

It is less surprising that Simmonds was able to accomplish what he did – though obviously it was no mean feat – than that so little has been done to take advantage of the opportunity revealed by his pioneering work. Obviously, official recognition that local governments can play an important role in ensuring the effective delivery of federal and provincial programs – and in the process, make an important contribution to community economic development – has been slow in coming.<sup>2</sup>

# 4. Back to Workfare: Provincial Takeover

IF THE FEDERAL GOVERNMENT has been slow to recognize the potential of municipally-driven welfare-to-work, the Manitoba provincial government has gone it one better: It ended the city's welfare role and replaced welfare-to-work with workfare. (See Section 1.1 for an explanation of the distinction.) The apparent reason for its actions was a desire to follow a trend in other provinces toward administrative simplification through provincial takeover of welfare, but a closer look suggests that ideology played a role as well.

In 1999 Manitoba's Department of Family Services followed the lead of Ontario and other provinces in assuming responsibility for Winnipeg's social assistance programs (Province of Manitoba Press Release, 1999, 1). Two-thirds of provinces now administer their welfare-to-work programs unilaterally and all provinces have made welfare-to-work programs compulsory. Although the majority of provinces still maintain that the programs they administer do not qualify as workfare (Gorlick, 1998a, 7), in Manitoba's case, the devolution upward has been intertwined and interrelated with the deliberate establishment of a workfare policy.

This becomes even clearer if we examine some of the details of what has happened since the centralization of welfare programs. The Infrastructure Renewal Program and the Dutch Elm Disease Control program remain dormant. Infrastructure renewal only lasted one year (Section 3.3) and the Dutch Elm Disease Program came to a close after the mini-recession of the early 1990s ended and the municipal welfare roster size dropped from 17,000 in 1994 to 11,000 in 1997.

The provincial government might argue that these programs only achieved their impressive records of success because they were mounted during a period of high unemployment, when it could reasonably be assumed that some welfare recipients were more than usually motivated to find work. The fact that some of the participants in the infrastructure renewal scheme were actually prepared to work for approximately the same amount of money as they would have received on welfare would support that contention. However, the Dutch Elm Disease Control program, which was not launched in recessionary times, was also impressively successful.

In any event, the suggestion that the provincial government cancelled the program because it was seen as not being needed in times of high employment does not stand up well to an examination of the chronology of government. Neither program was in operation beyond 1994, when the economic downturn of the early 1990s was still in full swing and one of every 11 Winnipeggers was on social assistance. (Section 3) Unless someone in the provincial government had a crystal ball, both to foretell the strong employment growth of

1995 and beyond, and to predict that this would obliterate the effectiveness of welfare-to-work, we are forced to conclude that short-term fiscal considerations quite simply overrode the demonstrable long-term financial and social benefits of the program.

In short, the two programs we have been able to identify that avoided the substitution effect and were CED-compliant have disappeared, courtesy of senior government cutbacks and provincial takeover of social services. Two former city work programs for welfare clients that have survived the provincial take-over, by contrast, are compulsory, low-wage and do not offer training that is likely to lead to better jobs in future.

One of these is the Community Home Services Program, which allows elderly people who wish to remain in their homes, but are unable to do much of the manual labour required, to obtain services such as lawn mowing and snow clearing from social assistance recipients. The other is the Community Worker Program, which has participants performing janitorial and maintenance services at community centres. (Bentley, 2003) Even when the city controlled these programs, they were not intended as entrées to secure employment.

City officials understood that neither offered long-term prospects or job training remotely comparable to the opportunities available through the Dutch Elm Disease and infrastructure maintenance programs. Both schemes were intended to enable unemployed singles to fill gaps in employment, a contrast with the Dutch Elm and infrastructure programs which were designed for people with families, and intended to have the multiplier effect of giving several people a chance to escape poverty and dependence while gaining increased self-respect. (Province of Manitoba, 1994-95, 35; City of Winnipeg, 1995b, 15)

When the city ran them, therefore, the programs were voluntary and it was understood that they were no more than a temporary stopgap. (Simmonds, 2003) In other words, they had some of the characteristics of workfare, but other measures were in place to provide a longer-term welfare-to-work approach to the problems of social assistance recipients. When the programs passed to provincial jurisdiction, they became part of the provincial “Making Welfare Work” initiative and lost their voluntary character. In short, they became workfare writ large – compulsory positions that offered little hope for a better future.

The provincial government, which had objected to the payment of union wages in the infrastructure renewal program (Section 3.3.), had won the day. The provincial takeover of welfare in Manitoba signified much more than just administrative efficiency. It signalled the advent of policies dominated by the ideologically-driven, unsubstantiated belief that welfare recipients will respond, not to incentives for betterment of their lot, but only to compulsion. The province had dumped welfare-to-work and replaced it with workfare.

# 5. What Can Be Learned?

OUR STUDY set itself the objective of identifying programs that reconnected social assistance recipients with the workplace, and offered them a serious chance to escape dependence, improve their lives, and build their self-respect by fulfilling the following conditions:

- **Voluntary participation.** Incentives, rather than compulsion, are used in programs designed to facilitate workplace participation.
- **Usefulness to the community.** The jobs are a genuine benefit to the community, not make-work that produces net costs instead of benefits and does little to boost the self-respect of the workers.
- **Utility for the participant.** The jobs provide training that is capable of leading to long-term employment at wage levels significantly higher than minimum wage.

Our assessment of Quebec government programs led us to add another criterion:

- **Avoidance of the substitution effect.** The program creates jobs that would not otherwise be available, so that participants are not, in effect, depriving others of work.

By these admittedly demanding standards, most of the programs we looked at had some shortcomings. Quebec government programs funded entry-level positions that tended to be unstable and provide little in the way of useful training. In addition, a finding that about half of the employers participating in the program would have hired workers with or without government subsidies

demonstrated the existence of the substitution effect.

In those cases, the government was subsidizing existing jobs rather than inducing the creation of new ones. The Manitoba government's Making Welfare Work programs are if anything even less constructive. They offer temporary jobs and little or no hope for a transition to better job.

Community-based programs in Quebec led to the creation of new jobs and provided skills training, but the usefulness of these skills in securing future employment proved questionable. Community-based programs of Winnipeg's North End Community Renewal Corporation provided strong support for welfare recipients and helped them secure private-sector positions, but much of the work they secured was low-wage service work.

Cape Breton's Community Employment Innovation Program funds the creation of jobs at the community level and provides more than minimum wage to its participants. No evaluation of the program will be available before 2008. As a result, we cannot rule out the danger of the substitution effect. Nor can we determine whether the program will achieve the longer-term integration of participants into the workplace.

Taken together, these programs represent a great deal of effort, and major constructive elements, but mixed results. None of them, whether implemented as provincial or community-based programs has proven both fully CED-compliant and invulnerable to the substitution effect. Against this background, Winnipeg's Dutch Elm Disease Control and Infrastructure Renewal programs

appear as a remarkable achievement. Evaluations of them suggest that they were both fully CED-compliant and unlikely to produce the substitution effect.

Both of these programs provided good jobs and useful job training at wage rates substantially above the provincial minimum. Follow-ups of participants in the Dutch Elm Disease scheme suggest an impressive record of long-term reintegration into the workplace, and, despite the absence of a follow-up, there is no reason to suppose that participants in the infrastructure program did less well.

In addition to these benefits, the programs enjoyed the inestimable advantage of political saleability. They not only produced the difficult-to-calculate but undoubtedly significant financial and social benefits of helping families to remove themselves from poverty and dependence; they also allowed the city to undertake needed projects at a saving to taxpayers. It is a rare case of a program that can be defended equally well as a social program and as the fiscally prudent thing to do.

Why did municipal government programs succeed so impressively, while both provincial and community-driven projects had a spottier record? On reflection it seems clear that no organization is better placed than a municipal government to identify both available job opportunities and community needs, secure funds for meeting them, and then make the jobs available. In addition, Winnipeg, in the 1980s and 1990s – because of its responsibility for short-term welfare – was also well placed to identify people who could benefit from the programs and match them with appropriate opportunities.

Despite those advantages, the municipal government did not act on its own. Both infrastructure renewal and the Dutch Elm Disease program relied on funding from senior governments. Indeed, this is critical to the success of locally driven welfare-to-work because it is the senior levels of

government that are garnering the savings on welfare payments. Winnipeg's experience suggests that welfare-to-work is feasible and that it can deliver important benefits to some proportion of social assistance recipients, to the wider community, and to the taxpayer, but that intergovernmental cooperation is essential to its success.

Can we learn from these successes today? Since the trend in social welfare is its devolution upward from municipal government, the scope for a repetition of the experiences of the late 1980s and early to mid 1990s is narrowing. Such municipal initiatives as those of the Winnipeg Department of Social Services are not likely to be repeated. What seems feasible is the development of locally driven welfare-to-work schemes upon the initiative of the senior governments.

On the face of it, there seems to be no reason why it would not be possible for the federal government and provincial governments to conclude agreements in which the senior governments agree to finance local initiatives that can be demonstrated to provide good jobs and useful job training. Senior governments could, if they wished, limit the amount of their funding to an amount equal to their savings on welfare.

The senior governments could put out calls for proposals, which might come from either municipal governments or community organizations. A federal-provincial secretariat could vet the proposals and fund the ones that provided decent jobs, useful job training and community benefits.

Senior governments would be providing only an advance on money they would save and the community, welfare recipients, and their families would benefit immediately. Taxpayers would benefit as well, from the completion of projects at a discount, and from the longer-term savings as social service recipients attained financial independence. It is a policy idea with an already established record of success and much promise for the future.

# Endnotes

- <sup>1</sup> To be sure, the federal government has been taking other, sometimes faltering, steps toward tapping local initiative in meeting federal government objectives. Two cases in point are the federal Homelessness Initiative (Leo and August, 2004) and the federal-provincial immigrant nominee program. (Leo with Mulligan, 2004)

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