

**NEOLIBERALISM AND ITS IMPACT ON CANADIAN SOCIAL
POLICY, CHILDCARE, AND WOMEN**

BY

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**A Thesis
Submitted to the Faculty of Graduate Studies
In Partial Fulfillment of the Requirements
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MASTER OF ARTS

**Department of Political Studies
University of Manitoba
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ABSTRACT

Although the status of women in Canada has improved considerably, Canadian women are still more likely to experience poverty, earn less, work in lower-status positions, participate in part time employment with fewer benefits, do more unpaid work in the home, and less likely to participate in less traditional political roles.

There are a variety of factors to consider in determining why these inequalities continue to exist. First, the political climate is examined to reveal the environment that indeed allows, if not promotes, these inequalities. Once the political climate is defined, the effect it has on women can be determined. The restructuring and the reduction of programs and services within the welfare state are results of the new climate, which subsequently affect women as they have a unique relationship with the social sector. The different life experiences women have are examined to support this unique relationship to the welfare state. Motherhood and caregiving are instances that most affect that status of women. As such, childcare in Canada is reviewed to show the support, or lack thereof, for women who are in positions of motherhood and caregiving.

Overall, trends towards neoliberalism remain at the root of this political climate, challenging the equality of women. As well, changes to the nature of federalism have a considerable effect on women since these structural intricacies challenge the development of a more comprehensive childcare system, which would ultimately promote greater equality for women. A political climate that endorses and nurtures the market place challenges groups outside the market in promoting their interests politically, as is the case for women.

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INTRODUCTION

It is difficult to believe that in this day and age, Canadian women continue to endure inequality in terms of social, economic, and political status compared to their male counterparts. Women are still more likely to endure poverty, earn less money, work in positions of lower status and decision-making, participate in weaker political roles, more likely to participate in unpaid labour and/or part-time employment, with fewer benefits, and lower pensions. Despite generations of attempts to level the playing field and improve the status of women, the millennium has yet to wholly witness these successes. There have been significant gains for women over the years, but, the fact remains that overall, women are still not enjoying the full benefits of equality.

The degree of happiness and prosperity or misery and poverty experienced by Canadians is conditioned in part by the decisions made each day by government through public policies (Kernaghan and Siegel 1995, 132). Canadians are equally affected by the indecision of policy makers towards certain issues for as Thomas Dye asserts, "public policy is what governments choose to do or not do" (Ibid., 133). Under the current political climate, it appears as though business interests are privileged within the policy process and at times this emphasis has been detrimental to social policies. This trend serves to further perpetuate women's inequality, as they are more likely to participate in the social sector, mainly due to their unique life experiences. As such this thesis will show that women are disproportionately affected by the current political climate¹.

Various theories attempt to explain public policy decisions, however the neo-pluralist model is most appropriate as it provides the greatest understanding of the current

¹ This thesis defines a political climate as the tone or setting that ensues due to the assumptions, beliefs, and values that both citizens and governments employ to define political power.

political climate and its relationship to women. Neo-pluralism emphasizes the role of capitalism and the privileged position accorded the corporate sector among competing interest groups in the policy process.

Neo-pluralism developed from an earlier model, pluralism, which originated in response to the perceived weaknesses in J. Schumpeter's democratic theory's contention that individual citizens hold little power compared to political elites in the democratic system. As described by David Held, early pluralists, most notably Robert Dahl and D.B Truman, looked to the important role played by voluntary groups and associations in the political process in providing citizens with political power (1996, 199-218). Group politics, the competition between and activities undertaken by such organizations, particularly during the electoral process, provides individual citizens with policy outcomes that respond in many ways to their concerns and, importantly, that are more satisfactory than Schumpeter's model suggested. According to Held, "Electoral constraints and interest-group politics mean that the ability of political leaders to act independently of societal demands and pressures will almost always be compromised, with the exception perhaps of times of war and other types of national emergencies" (1996, 209). Within this early pluralist model, groups are relatively equal in terms of their access to resources and influence hence decisions on policy that reflects group competition.

In response to critiques directed at the assumption that groups hold relatively equal resources and power in the political system, neo-pluralists attempted to modify the former model. Bachrach and Baratz (1962), for example, mounted an effective critique which included highlighting the fact that power includes a person's or group's ability to

keep particular issues from ever being debated in the public arena (as cited in Held 1996, 211). They contributed the idea that there was both a societal and a constitutional agenda and that not all societal issues are given serious consideration from government. Neo-pluralism's subsequent modifications, developed by writers such as Charles Lindblom and Robert Dahl, focussed on capitalism's role in shaping the environment of group politics. According to Held, neo-pluralists emphasize that capitalism, by creating inequalities in resources among individuals and groups, limits certain groups' ability to influence governments in the policy process (1996, 214). More than this however, governments' policy-making power is constrained by the requirements of capitalism within democratic systems. Governments are sensitive to the importance of business performance for their ability to remain in power and thus provide a privileged position to business in the policy making process. To not do comes at some risk to the market and subsequently to the government's position in power. According to Lindblom,

“Because public functions in the market system rest in the hands of businessmen, it follows that jobs, prices, production, growth, the standard of living, and the economic security of everyone rests in their hands. Consequently government officials cannot be indifferent to how well business performs its functions. Depression, inflation, or other economic disasters can bring down a government. A major function of government, therefore, is to see to it that businessmen perform their task” (as cited in Held 1996, 215).

Lindblom later referred to the capitalist market as a 'prison' in that it necessarily constrained government's ability to respond to democratically driven demands in the policy sphere (1984, 87).

Under a political climate that serves to promote the interest of business if not exclusively, at least significantly, women are disproportionately affected. The unique life

experiences of women, particularly those who are primary-caregivers, will often leave them in the periphery of the traditional market place and the conventional political arena. These two arenas are essential vehicles to promote interests within a political climate, making it increasingly difficult for women to assert interests that are key to their equality.

The childcare issue in Canada is an excellent example of the challenges women face under the current political climate. As childcare is a key component to women's equality, the absence of a comprehensive childcare policy at a national level is in many ways an on-going obstacle. Childcare advocates have failed to convince the federal government to accept proposals to improve childcare conditions by employing a more comprehensive childcare system. This is challenging for childcare advocates as they realize that the government's unwillingness to support their policy goal is not necessarily because their proposal is ineffective or unimportant. The reality is that governments are faced with numerous policy initiatives and various interest groups who adamantly compete to assert their interests. As a political climate that privileges business interests, social issues such as childcare are less of a priority for policy makers.

Another reason the childcare issue is an excellent example is that it reveals the political attitude towards the equality of women. Many childcare advocates insist that a national childcare system would directly enhance the lives of women in particular and of all Canadians. Despite the probable gains to women's equality, recent governments have not supported a national childcare system. At the same time, it is not politically strategic for the government to blatantly ignore the childcare issue and so both levels of government tend to remain indecisive on this issue. Nonetheless, the inaction of policy

makers towards childcare is arguably a decision in and of itself, which therefore constitutes public policy.

Neo-pluralism provides an insight into the federal government's failure to act on the childcare issue. The government's commitment to the business sector, especially in the light of growing demands to cut back social policies to meet the demands of the global economy, have made it particularly difficult to defend the adoption of a new large-scale social program. It also underscores the ability of some groups, single mothers and those on welfare for example, to compete with the privileged access accorded to the business sector by government. As we shall see, however, neo-pluralism alone is insufficient to explain the federal government's failure to act on this issue. The federal system, and in particular the agreement required by both levels of government for 'shared' policy issues such as childcare, have also constrained government's ability to act.

Recent ideological shifts towards neo-liberalism have also influenced the current political climate. This influence becomes more apparent in the decisions, or non-decisions that governments make. Competing policy concerns such as tax reductions and business incentives are more favourable to the neo-liberal objectives of the Liberal government. Neo-liberalism is for the most part a response to the increased globalization that the international community has experienced since the early 1970's. Whether or not the pressures of globalization are real, neo-liberalism encourages a freer market and smaller state. At the same time the neo-liberal ideology recognizes the importance of promoting social and political equalities among society, which requires a larger state, and so to achieve both of these ends this ideology insists that government must recognize its

limits and aim efforts at meeting only the needs of those who truly need it. Although, neoliberalism accepts that market forces generate inequalities, but that over time prosperity will benefit everyone. There is less acceptance that the state can protect people against economic change. As a result, the Keynesian principles of universality and social citizenship that were once inherent in the Canadian welfare state have been reduced, offering social programs and services only to those most in need.

A valid criticism of neo-liberalism is that while the business sector in Canada has enjoyed tax reductions and increased incentives, the social policy field has endured repeated cutbacks and reductions, to both funding and services, over the last twenty years. As such, these restructuring policies towards the social sector have dramatically changed the social policy sector, in terms of reduced social services and programs. Neoliberal thinking dominated during the 1980's and 1990's. More recently, governments eliminated deficits and reported modest surpluses. It will be interesting to see whether government continues to retrench social spending, when it can now clearly choose to do otherwise.

The analysis will proceed as follows. First, the current political climate needs to be examined to determine the factors that ultimately effect women specifically. Chapter one explores neoliberalism as the political ideology responsible for the changes to the political climate. Other relevant elements are also considered such as changes to federalism, and shifts in public opinion regarding social programs and support government's role in society to more effectively define the political climate. Recent threats of globalization will also be examined as trends of restructuring have shifted the focus of government policies towards market enhancement. All of these elements are in

some form linked to the theoretical framework of neo-pluralism, as they tend to be influenced, at least to some degree by initiatives of the business sector favouring a reduced role for government and greater reliance upon market forces which inevitably influences policy decisions.

In the second chapter, the different life experiences of women are explored to show how that current political climate can effect them negatively. The social, economic, and political areas of their lives are examined to reveal the unique relationship women have to the social sector, via the welfare state. As such, reductions to social programs and services, affect women negatively as they are more likely to be both recipients and providers of these social services.

Childcare policy is reviewed in the third chapter and used as an example to show the negative impacts the current political climate has on social policy and the subsequent impact this has on women. This chapter shows the link between childcare and women's equality and therefore reveals that a political climate that neglects to promote a comprehensive childcare system is also a climate that neglects to support the status of women.

The different environments in which women and men live and the fact that policy decisions to reduce social spending are made predominantly by men are identified as contributing to this concern. This shift has had a disproportionate effect on women since a large percentage of women work in positions of a care giving nature where jobs are not driven by market trends or profits. The social policy sector is essential for social services as the likely recipients are often not able to pay for this service themselves, and the absence of childcare services will invariably have negative long-term effects for

Canadian society. The provision of a national childcare system for instance could potentially reduce poverty, crime, and tax dollars spent on education that is often necessary for individuals that are impoverished by these circumstances. As women are more likely to be single parents they are therefore more likely in need of childcare while working outside of the home. Not only are single mothers affected under the current political climate, but all of women's equality of choice is threatened in the event of women wanting a career and family, as are more likely to carry the burden and struggle to manage both. As well, women are more likely to work in care-giving positions such as childcare, which is often a low-paying position, which requires financial assistance from the Canadian government to subsidize this profession.

Government policies that concern women specifically are more difficult to achieve within this new political arena where fiscal responsibility and profitability have become key concerns. Services and policies that cost the government money instead of making or saving money are increasingly unfavourable as they conflict with the goals of the new world order where maximizing profits is essential. David C. Korten refers to the new emphasis on the global economy as a shift in democratic power. He argues that this shift has created a "market democracy" where each dollar is equal to a vote, and as a result, the economically disadvantaged have less of a voice (Korten 1996, 77). This is especially concerning for women since they are still more likely to make less money compared to their male counterparts (Baker & Tippin 1999, 126-9), which places them in a less advantageous position within this new political climate.

The conclusion will show that women are negatively affected by the current political climate. Trends towards neoliberalism have created a climate that privileges the

business sector. By showing that women lead different lives, particularly as mothers, a unique relationship between the welfare state develops and it becomes less likely that women will participate in the business and political sector equally to men. A climate that reduces and restructures the welfare state therefore specifically affects women.

CHAPTER ONE: THE CURRENT POLITICAL CLIMATE

There is an old saying that insists that, "The only thing you can count on is change". This saying rings true when referring to a political climate. A political climate can be described as *variable* in that it is constantly changing. This is likely because a political climate reflects its citizens' values and needs, which also change over time. For instance, from the nineteenth century into the 1920's, the Canadian government neglected to employ social security programs such as unemployment insurance (UI) due in part to a climate that ascribed social security provision to private rather than public sources. "During this period it was commonly held that the family and the private market were the two 'normal' channels of help for individuals and families faced with the loss of income or an income that was inadequate to cope with the necessary items of expenditure" (Guest 1997, 1). Only if these two avenues were closed would a social welfare agency offer aid, which was offered as a temporary and emergency effort until the individual's capacity for self-support was regained. The social attitude of this time was reflected in the political climate. Applying for relief was a demeaning experience because it was seen as clear evidence of personal failure. However, the period during the Second World War (WWII) witnessed initiatives from the Canadian government which supported social policy initiatives. As WWII progressed the federal government was concerned with maintaining morale in the country and so it expanded its social responsibility to Canadians. As a result of this new role, the federal government adopted Keynesian economic theory, which introduced greater social policy initiatives. In support of these principles, the federal government undertook the building of homes for those in the armed forces, along with other necessary assistance such as daycare programs, rationing, wage and price

control, and measures to prevent possible shortages in food and production and any exploitation of workers in the labour force. A number of social security programs were introduced including two income maintenance programmes, unemployment insurance and family allowances. These programs initiated a comprehensive social security system in Canada, the first of these developments being the enactment of the Unemployment Insurance Act of 1940.

Now that Canada has entered the 21st century, it is evident that the political climate and its relationship to social policy have changed once again. According to Jane Jenson, the current political climate in Canada is less supportive of the social policy sector than was previously the case. She insists that the notion of citizenship in Canada has shifted, which has subsequently affected social policies (Jenson 2001, 106). The characteristics of citizenship are important elements in the construction of a political climate for they define one's rights, benefits and obligations. The Keynesian attributes of *universality* and *social citizenship*, which were considered key elements of the Canadian welfare state have been replaced by a "Neo-liberal agenda that advocates a more *free* economy, one in which social rights are significantly circumscribed by the market ethos" (Esping-Andersen 1998, 127). According to Esping-Andersen, these changes emphasize "Means-tested benefits, embodying stringent eligibility conditions, which can involve considerable individual scrutiny and stigma" (Ibid., 127). At the same time, this chapter will show that the current political climate remains supportive of the business sector, providing increased tax breaks and incentives to businesses and corporations, perpetuating the inequality between the business and social sectors. However, the current changes to the political climate in Canada are not due exclusively to ideological factors.

Several elements contribute to the current political climate, including external pressures by international events and globalization, political structure and public opinion. These elements were selected to reveal the tone of the current political climate. At the same time, these elements can be seen as factors which challenge the social political sector. Nonetheless, all of these elements serve to identify a current political climate which places business in a privileged position often to the detriment of the social policies². The origin of the welfare state in Canada is reviewed first to establish the setting in which the relationship between the current political climate and social policy resides.

Origins of the Welfare State

The welfare state itself can take on a variety of meanings. Stein Kuhnle suggests that a welfare state exists when “a state takes on the responsibility of promoting and ensuring, either through legislation, budgets, or other state action, the basic well-being, of its members” (1991, 636). Nicholas Barr defines it as ‘state activities’ in health care, education, food, housing and other family and social services (1993, 743). Yet another definition by Steven Brooks suggests that the welfare state is understood as the interference of the state to protect and promote the material well-being of individuals, both wealthy and poor, against the operation of market forces (1993, 184). Brook’s definition is unique in that it recognizes that the welfare state protects the wealthy from the operation of market forces as well as the poor, even though the welfare state is often

² Social policy affects the well being of people within a society. It includes direct health, education, and welfare programs. A more inclusive definition adds such areas as “housing, employment, civil rights, consumer protection, environmental protection, and fiscal policy, each of which has a visible effect on individual well-being” (Burch 1999, 112-3).

associated with society's less-privileged. Nonetheless, in both cases, state intervention insulates a part of society from the unregulated effects of the market.

Although it is difficult to pinpoint the exact origin of the welfare state, the post WWII period is considered by most as the arrival of the welfare state phenomenon. The 'modern' welfare state is often referred to as the Keynesian welfare state (KWS), named after economist John Maynard Keynes, whose model for management of the economy was developed at least rhetorically after WWII. The principle assumption in Keynes' work was the existence of a national economy where the state can intervene to influence levels of investment and domestic income, including the regulation of unemployment through national demand policies (Richards 1997, 17). A shift towards the socialization of investment ensued. Ideally governments hoped that providing money and resources for the less affluent individuals and families would in return help maintain aggregate demand within the economy. As well, increased strength and demands of the working class through growing unionization, showed governments that a more even distribution of resources would be most beneficial for all.

The Keynesian system expanded from the 1940's until the early 1970's, a period termed "the golden age of the welfare state" (McBride and Shields 1997, 38). Most Western countries in the post-WWII period adopted a Keynesian economic theory as a response to a few key events such as the deep interwar economic crisis and the challenge of an ideological competitor in the Soviet Union, whose performance in WWII brought enormous prestige in working-class circles, supporting full employment, labor rights and economic security. Another key event was the experience of the Great Depression, described by Stephen McBride and John Shields as "a profound crisis that shook

capitalism to its roots”(1997, 35). This domestic crisis generated an international political crisis, as the expansion of the global market created deeper interdependent relationships among states. Western nations were forced to adjust to these new and challenging circumstances abroad while trying to end the unemployment crisis within their own borders. As a result, this period marked the emergence of the welfare state in advanced capitalist nations to actively intervene and influence the levels of investment and domestic income in an effort to regulate the economic crisis.

With the emergence of the Keynesian welfare state, Canada changed its approach to social policy. Ideologically, concepts such as *universality* and *social citizenship* became embodied within the Canadian welfare state, to promote and represent the new economic theory. Both levels of government served to promote social policies by embracing principles of *equity* and *efficiency*. The term ‘equity’ was used interchangeably with the term ‘fairness’ and was pursued in a variety of ways. A progressive income tax system, the social security system and other universal social programs, such as health care and education were used to promote “interpersonal equity” (Brown 2002, 66). “Interregional equity” (Ibid., 66) was pursued through fiscal equalization, unemployment insurance³, and regional development programs. Aspects of the equity provisions, such as equalization, promoted the efficiency goals as well, by contributing to a common level of services nationally. Otherwise efficiency defined here as “the decision to act without waste” (Ibid., 67) was promoted through, “macroeconomic policy of counter-cyclical fiscal stabilization, by which the federal government used its

³ It should be noted that when Unemployment Insurance (UI) began in 1940 it was conducted as an insurance plan in which individuals pooled the risk of being laid off. After 1971, however, UI became a ‘social policy’ that assisted seasonal workers, especially in regional areas of need such as the Atlantic provinces.

dominant fiscal position to stimulate or dampen economic growth through budgetary surplus and deficit” (Ibid., 67).

Western countries shifted from a political and economic system of minimal state intervention to a system where the state began to manage and regulate the economy. At the same time all Western states began to more fully recognize that economic growth required the integration of the working class into both the economic and political system to ensure economic and political stability. “Increasing unionization demonstrated that the power of the working class was growing, and through the 1930’s and 1940’s several western countries committed themselves to labor issues in return for cooperation and unity during the war” (Piven and Cloward 1982, 36). Keynesianism offered a solution to the increasing unionization of the working class, by providing a theoretical justification for state intervention. This economic theory suggested that capitalism needed to be ‘humanized’ and in order to do so the state needed to be used to protect the people from the “Insecurities and hardships of an unrestrained market economy” (Ibid., 36). As a liberal economic theory, Keynesianism offered a middle ground between the capitalist ideals of limited state intervention and the state ownership advocated by socialism. Keynes’ idea to restructure current economic analysis allowed capitalism to function more compassionately and at the same time build stronger social relations within the political system. His policy prescriptions contained a vital social component justifying a vast arrangement of social policies that would contribute to high levels of aggregate demand. Therefore this new type of spending towards social policies was legitimized because it was seen as an automatic stabilizer built into the economy to sustain aggregate demand in periods of cyclical downturns (Wolfe 1984, 49). As a result of this social

spending, a social contract developed between Canadians and the federal government, which rested on four pillars;

First, the state left investment and decision-making power to private enterprise. Second, the state was allowed to make major concessions to labor, by committing to policies that ensured high, stable levels of employment and income. Third, concerns for individuals unable to participate fully in the labor market were addressed, by providing state assistance. And finally, the state committed itself to supporting the democratic rights of trade unions, and to improving wages and the standard of living for their members (Ibid., 51).

To fulfill the principles of Keynesianism in Canada an increased federal role was necessary, which required some subtle changes to the federal constitution. The most significant change was made to the federal spending power, which allowed and encouraged the federal government to spend money in areas that lay within traditionally provincial jurisdictions. As a result of constitutional amendments in 1940, 1951, and 1964, the federal government took over exclusive jurisdiction for unemployment insurance and shared jurisdiction for contributory pension plans (Brown 2002, 67). The federal government also introduced old age security and family allowance payments directly to Canadian citizens. There remained aspects of the welfare state, however, that needed to be delivered by the provinces due to constitutional requirements. To honor these constitutional principles, the federal government used cost-shared programs to induce provincial spending in social assistance, universities, social services, and hospital and medical insurance plans (Ibid., 67). This was especially true of the peripheral provinces, since some Canadian provinces were more affected by unemployment during the Depression and WWII than others. To assist the peripheral provinces, in 1957, Ottawa began making separate financial contributions to poorer provinces in the form of

equalization payments. “These actions represented new roles of government, which cut across jurisdictional lines; interdependence, overlapping, and sharing of responsibilities became hallmarks of modern federalism in Canada” (Robinson and Simeon 1994, 377). The new role of the federal government increased into the 1960’s as part of the country’s commitment to greater fairness and equity. More explicit policies were designed to address the persistent problems of regional economic disparities, which expanded the social contract to include a territorial equity provision to ensure a more equitable distribution of national benefits. The Keynesian welfare state assisted in alleviating both class and territorial disparities.

The social benefits employed by the Keynesian system greatly affected Canadians, as they became the essential ingredient of Canada’s national identity. Gradually Canadian citizenship came to mean more than a formal set of constitutional rights such as “life, liberty, and security of the person” (Raymond, Bryden, and Strain 1997, 47). Instead Canadians began to enjoy positive social welfare rights as an entitlement of Canadian citizenship. The very principles of Canadian citizenship changed to encompass a national health care system, income supports, public education, but more importantly, a sense of unity, a common social citizenship⁴ due to the universality⁵ of most programs.

⁴The phrase, *social citizenship* was first used in 1949, by T.H Marshall, to “define the development of social rights as a new layer of citizenship similar to the civil rights established in the eighteenth century and the extension of political rights in the nineteenth century” (Esping-Andersen 1998, 126). Marshall insisted that, “The right to economic welfare and security is the right to share in the social heritage and to live the life of a civilized being according to the standards prevailing in society” (as cited in Esping-Andersen 1998, 126).

⁵ The term *universal* means to “include all” (Webster’s Dictionary 1992, 287). As such, when a program is referred to as ‘universal’ it is understood that the program is intended to be used or at least be available to all (Burch 1999, 258). For instance, “universal benefits such as public education and city parks are

Despite its attempts, Canada did not truly employ Keynesianism, especially in terms of its principle of 'full employment'. The Keynesian definition of 'full employment' varied from the Canadian ideal. Keynes defined 'full employment' as "a high rate of economic growth; reasonable stability of prices; a viable balance of payments; and an equitable distribution of rising incomes" (McBride and Shields 1997, 37). Conversely, the Canadian version of 'full employment' defined in the 1945 White Paper on Employment and Income fell short of promising *full* employment, preferring, instead, the phrase "High and stable levels of employment" (Canada, Department of Reconstruction, 1945). The focus of the White Paper on Employment and Income was on the demand-side of the economy, leaving the supply-side to the private sector. The socialization of investment so apparent in Keynes' theory was for the most part ignored and the Canadian federal government's role was essentially limited to aggregate demand management by employing fiscal and monetary policy. This practice was often referred to as 'bastardized Keynesianism' (McBride and Shields 1997, 40) and even though unemployment was low during the post-WWII period in Canada, it nevertheless exceeded levels of other Western countries (McBride 1992, 87). One of the explanations for Canada's especially high levels of unemployment during the period between 1945 and 1975 was that "its economic policies were not always conducive to the Keynesian system and the socialization of investment" (Ibid., 87).

At the same time there were technical criticisms that blamed continuing unemployment on the Keynesian paradigm itself. The argument was that the Canadian version of Keynesianism focused too narrowly on one type of unemployment that was

available to every citizen. Even if one chooses not to use such services the benefit is still available to you" (as cited in Burch 1999, 258).

caused by deficiencies in aggregate demand and as a result, "Canadian unemployment rates in the 1950's and 1960's ranged from 3 to over 7 percent" (McBride and Shields 1997, 38). However these unemployment rates were not due solely to demand deficiency, and so Keynesian aggregate demand measures could not address this effectively. Supporters of Keynesianism suggested that if more active measures focused on the supply-side of the economy, Canada would have likely implemented Keynesianism more effectively and unemployment rates would have been lower.

Criticisms of Keynesianism became more prominent in the 1970's leading eventually to a new direction in economic policy (Chodos, Murphy and Hamovich 1991, McBride 1992, and McQuaig 1995). According to the Economic Council of Canada, "After 1974, government revenues began to significantly decrease, and so public debt consequently increased as a proportion of the country's gross national expenditure" (Economic Council of Canada 1984a, 35). This increase in public debt led to a fiscal crisis in which many questioned the legitimacy of Keynesian economic theory. It was believed that the Keynesian welfare state restricted private profit and accumulation, which together serve the basic needs of capitalism. The Keynesian welfare state was believed to constrain profit levels by introducing barriers to the free market mechanism. Before Keynesianism was employed in western states, the reserve army of labor under the free-market served to undermine labour's demands. Keynesianism placed labour in a stronger position, which therefore challenged capitalist principles of private profit and accumulation.

The argument that the Keynesian era in Canada did not comply with all of Keynes' ideals is a valid one, as the practice of Keynesianism was never completely

institutionalized. Nonetheless, the notion that Keynesianism may have been more rhetorical than real was not apparent to most observers at the time. After all, Keynesianism changed the discourse of economic and social policy drastically from the 1930's until the end of the 1960's. The concept of 'full employment' was accepted as an essential function of government, which in return actually changed the terms of political debate and practice of politics itself. This change in economic policy towards Keynesianism motivated the adoption of various social services and programs such as the introduction of unemployment insurance, universal family allowance, old age pensions, and universal healthcare. As well, the Canadian state was operating in an international economic environment that embraced Keynesianism, and so to dismiss its impact on the Canadian welfare state would be misleading.

Growth in Social Spending

Federal provincial financial relations⁶ are exceedingly complex and only the main features will be described.

Canadian expenditures grew substantially as a result of the Keynesian welfare state. For instance, "28.8 per cent of the gross domestic product (GDP) was spent on the welfare state in the 1960's and by 1991 this amount had almost doubled as 50.4 per cent of the gross domestic product was spent on the welfare state" (McBride and Shields 1997, 49). This growth in public expenditures was largely due to the initial set up costs of expanding social programs such as health and education. The two areas are provincial responsibilities and as a result, provincial budgets grew faster than the federal budget.

⁶ For a fuller description of federal and provincial financial relations see the following sources: Beauchemin Eric and Paul Judson; Government of Canada; and Leslie, Pal.

Ottawa eventually reduced funding through cost-shared transfers. The federal government's decision to reduce spending towards the provinces initiated and reflected a change in the political climate in the 1970's. By the late 1970's, the Canadian federal government introduced shifts in tax structures, caps on public spending, wage and price controls, and anti-inflation monetary policies. A significant development as part of this trend was the federal government's decision to combine health care and post-secondary education funding into a block grant called the Established Programs Financing (EPF) in 1977. This step addressed Ottawa's growing financial problem by eliminating its open-ended commitment to match provincial spending in health and post-secondary education. After 1977, EPF transfers were based on a combination of tax points under the integrated tax system and per capita grants. The effect of these complicated arrangements was to put a "cap" on Ottawa's financial obligations to the provinces in these two main fields of joint activity. The cap corresponded to the rate of growth in the economy. "Shifting tax room in the form of percentage points of personal and corporate income tax, and through cash transfer components of relatively equal value" (Brown 2002, 68). Eventually, the value of the tax transfer increased to correspond with the economy; at the same time, "The cash declined, relative to both the tax value and to growth in the economy and inflation due to unilateral federal adjustment of the EPF escalators" (Ibid., 68). The number of personal income tax points actually transferred under this arrangement was less than the initial program for two reasons: a) EPF covered a small number of programs and b) the federal government remained partners through a cash contribution equal to the value of the tax point transfer. In effect the federal government transferred, "half of the income tax points that would be necessary under the full provincial/territorial

responsibility for healthcare and post-secondary education because the other half was needed by Ottawa for the purpose of financing its cash contributions” (Caledon Institute of Social Policy 2002, 3). These actions left the provinces with more responsibility in terms of funding social programs and services, leaving the federal government in a position of diminished fiscal and political clout in terms of influencing the content of social policy.

The principle of the welfare state eventually came under attack as well. Its task changed from addressing the often, conflicting needs of capital and its citizens. Instead, citizens were expected to adjust their needs in accordance with the imperatives of global competition. As a result, the 1980’s witnessed increased reductions to family allowance, unemployment insurance, and childcare programs via transfer payments from the federal government to the provincial governments. These cutbacks significantly altered the nature and purpose of the Canadian welfare state, and its principles of *universality* and *social citizenship* were challenged under the emerging political climate.

The Current Political Climate

Canada, along with the United States, Britain, and Australia, has recently been referred to as a ‘liberal welfare regime’ in which, “Social rights are significantly circumscribed by market ethos, resulting in an income security system that emphasizes means-tested benefits, delivers low-level benefit, embodies stringent eligibility conditions, and involves considerable individual scrutiny and stigma” (Esping-Andersen 1998, 127). To support this assessment and to identify the impact this new political

climate has had on the social policy sector, several elements need to be considered. This thesis examines ideological shifts towards neoliberalism, external factors such as international events and globalization, structural changes in the political arrangements of Canadian federalism, as well as the public opinion of Canadians. These components contribute to a political climate that privileges the business sector and thereby has a negative impact on the social sector.

The Ideological Element

An ideology can be defined as “a socially constructed and transmitted system of political beliefs with a significant measure of formal articulation, scope, internal consistency and durability. As such it provides both a normative framework for understanding the political world and a practical guide for political action” (Gibbins and Youngman 1996, 6). According to this definition, an effective portrayal of the current political climate requires an ideological examination as it reflects and acts as a response to the ideological shift towards neo-liberalism. As such, the shift towards neo-liberalism (Barlow and Campbell 1991, Clarke 1997, Larner 1999, McBride and Shields 1997, and McQuaig 1995) is considered to both define and explain the ideological framework of the current political climate in Canada. Before examining the effects of this shift further, *neo-conservatism* and *neo-liberalism* should be defined since these ideologies are often used interchangeably yet represent significantly different ideologies. At the same time, they are complementary in that they both serve to reconstruct the Keynesian welfare state, by changing its nature and reducing its capabilities.

Neo-conservatism

Neo-conservatism is best understood as a reaction to reform liberalism and the growth of the welfare state. According to George H. Nash, this ideology “Urges a return to traditional religious and ethical absolutes and a rejection of the ‘relativism’ which allegedly corroded Western values and produced an intolerable vacuum that was filled by demonic ideologies” (1976, 89). Neo-conservatism seeks a return to a ‘moral’ state and its roots in organic conservatism are evident in their emphasis on hierarchy, ethics, and morality. As a result of this desire to return to a moral state, neo-conservatives are often referred to as ‘traditionalists’. The momentum of this ideology grew in the 1960’s, when the civil rights movement, feminism, and the New Left increased social pressure for greater rights and social equality. Neo-conservatives saw this growth in egalitarianism as a threat to order and authority, and to individual freedoms such as property rights. Supporters of neo-conservatism also examine the issue of government failure. “Government failure is when state programs designed to resolve one set of social problems create a new set of problems in their wake” (Gibbins and Youngman 1996, 70). Well intentioned government programs, it is argued, “May seriously reduce expected benefits, produce negative consequences elsewhere or even cause the opposite of what was intended. This has been described as the Law of Unintended Consequences” (Ashford 1981, 356). Although neo-conservatism and neo-liberalism vary in terms of their views regarding the Keynesian welfare state, they are similar in that they both disagree with its nature and intent. It is likely that these terms are mistakenly used interchangeably as it is possible for instance for a governing party to have both a neo-liberal and neo-conservative agenda. An example of such governments would be the

Conservative government led by Margaret Thatcher and the Republican government led by Ronald Regan, and to a great extent, Canada's Brian Mulroney's government also held both positions. Conversely, it is possible to have a solely neo-liberal government like the Liberal government under Prime Minister Jean Chretien.

Neo-Liberalism

The neo-liberal doctrine proposes an "Alternative to the logic of the post-war 'consensus' on economic and social policy" (Leys 1980, 43). It is founded on the belief that "The clock can be turned back and the dynamic of the market place restored" (Palmer 1980, 41). Proponents of Keynesianism charged that Keynesianism was ineffective because it failed to concern itself with government deficits and the public debt, as it focused too heavily on balancing the economy instead of the budget (Banting 1982, 171, Leys 1980, 43, and Palmer 1987, 41). The perceived failure of Keynesian policy to correct the economic difficulties of the 1970's served to undermine its logic concerning deficits. As a result, management of public monies became a significant policy debate, as public deficits were cited as a major factor in the economic decline. The neo-liberal assault on the Keynesian welfare state is unique from other policy criticisms of the past in that governments may have 'restrained' social services during periods of recession, but these cuts were intended to be temporary and would usually be restored in times of economic recovery. Ian Gough agrees that neo-liberalism is unique in that recent cutbacks in social services are a 'qualitative' attack, because these policy shifts have a distinct ideological character, with no intention to restore these policies in economic recovery (1980,7).

Neo-liberalism reflects classical and reform liberalism and combines the extremes of both views. Often defining themselves as 'realistic liberals,' neo-liberals hold economic beliefs of classical liberalism and the social and political beliefs of reform liberalism (Sargent 1990, 99). Ideally, neo-liberals simultaneously advocate a free economy, which requires a smaller state, and extensive social and political equality and liberties, which require a larger state. To achieve both of these ends, neo-liberals believe that government must recognize its limitations and aim its efforts at meeting the needs of those who *really* require its help. Of course, defining who *really* needs government assistance is a highly controversial task due to its subjective and sensitive nature. Nonetheless, this selective approach explains why neo-liberals can be expected to oppose universal social programs, such as Canada's former family allowance program, which gave *all* parents a financial subsidy, regardless of the family's income. The emphasis in neo-liberalism towards efficiency (pragmatically reaching social goals while recognizing and respecting fiscal constraints) supports a more targeted approach to financial subsidies by only assisting families who really need assistance. For neo-liberal values to triumph and for the welfare state to be successfully reduced, the notion of social citizenship therefore must be subverted.

Policies that stem from the neo-liberal agenda tend to favour the business sector. This favouritism offers business tax cuts and reductions in state regulation aimed at reducing costs of production, more tax credits to those with the means to stimulate investment, and negative inducements to those outside of the labor force to enter it. Such inducements include reducing or eliminating alleged disincentives to work such as welfare and unemployment benefits (Graves 1999, and McBride and Shields 1997). The

underlying assumption of neo-liberalism is that left alone, the economy operates at full employment. Under the neo-liberal doctrine, unemployment is the voluntary actions of workers who are simply waiting for jobs at higher wages compared to the lack of employment available to citizens (Graves 1999, and McBride and Sheilds 1997). It is also commonly argued in neo-liberal doctrine that decisions not to work are encouraged by the existence of social benefits and unemployment insurance (Graves 1999, and McBride and Sheilds 1997).

Neo-liberal economic doctrine represents a synthesis of what has come to be known as the 'new neoclassical economics'. New neoclassical economics is informed by a monetarist critique of Keynesian policies, but it moves away from the monetarist preoccupation with the money supply to concentrate on the relationship between unemployment, inflation, expectations, and the supply side of the economy (Fusfeld 1990, 179). It contends that there is a natural rate of unemployment at which the level of inflation rests at zero. Advocates of this ideology insist that if governments make artificial attempts to reduce unemployment below the natural rate by fiscal and monetary policies in an attempt to increase aggregate demand, the result will be a series of inflationary pressures that eliminate any possibility of short-term gains.

The neo-liberal ideology provides the perfect vehicle for the transition from a society based on democratic political decision-making to one where many issues are outside of politics and are settled by the undemocratic rule of the market place (Buchholz 1989, 227). While neo-liberal policies are not solely responsible for Canada's restructured welfare state and the decentralization of the political structure, the politics of neo-liberalism has worked to perpetuate the emphasis on the business sector and

reduction of social citizenship. One of the challenges this ideological shift poses to social policy is the subjectivity and controversy over the decision of who really *needs* assistance. A targeted approach to social programs and services requires a difficult decision as to who should or should not be eligible for social assistance. Not only is this task highly subjective, it requires a larger, more paternalistic government. As well the underlying assumption that unemployed Canadians are *choosing* to be unemployed nurtures a new attitude among government and the public which affects the nature of the social sector, reducing government's responsibility to promote and ensure substantial employment for Canadians. As a result, services and programs to assist Canadians in the search for employment are reduced or eliminated.

Neoliberalism has come to dominate policy thinking within the government of Canada since the early 1980's. This ideological shift is apparent in the political climate, political structure, and public opinion of Canadians, as the analysis in the following sections demonstrates.

External Elements

External factors greatly impact the political climate of a particular country. As the Honourable Barbara McDougall, President of the Canadian Institute of International Affairs (CIIA), insists, "All politics are local and external factors influence domestic politics" (McDougall 2000). Leslie Pal strengthens this notion by insisting that the last thousand years have marked continuous "international connectedness" that invariably influences domestic policy decision-making (1997, 35). He explains that various former empires and imperial systems "covered enormous tracts of territory" and "vast complex

systems of trade were developed by the 1700's around sugar, spices, and slaves" which worked to create a interdependent relationship among many states influencing domestic politics and policies (Ibid., 35). However, some argue that the interdependency among states has intensified and altered the international community and domestic politics in significant ways (Korten 1995, McBride and Sheilds 1997, Pal 1997, Stubbs and Underhill 1994, Teeple 1995). The contemporary concept often used to define this intensified interdependency is *globalization*, marked by unprecedented technological advances. Formerly, the interdependency among states was referred to as *internationalization* which is defined by Bruce Doern, Leslie Pal, and Brian Tomlin, as "a process by which various aspects of policy or policy making are influenced by factors outside national territorial boundaries" (1996, 3). According to these authors internationalization is linked to globalization in both economic and technological elements, yet it is different because it both "predates [globalization] and follows it" (Ibid., 3). Even though the term globalization implies the internationalization of public policy, it is possible for internationalization to exist without globalization. Indeed, internationalization has existed among nation states to at least some extent, influencing domestic policy well before the post-war period. The intensification of internationalization however and its influence on domestic policy which has helped create the current political climate is linked to globalization which has reached a "wider range of countries, actors and forces" (Ibid., 4).

Governments react to the process of internationalization in a variety of ways. Two of the most popular choices are presented as *accommodation* and *change* (Ibid., 4). An example of change is the alterations governments make to institutions and political

structures to achieve domestic benefits, or at least attempt to, within this internationalized community by employing free trade agreements. Accommodation is exercised to resist, regulate, and insulate oneself from these international pressures (Ibid., 4). The most likely formula is a combination of the two approaches to combine domestic and international interests for the most desirable results.

This strategy is not, however, as straightforward as it appears. International economic factors can make it politically difficult for domestic governments to introduce new spending programs as economists and business groups have often publicly urged governments to cut social spending substantially (Little 1994, B5). International economic agencies also play a role in pressuring the government towards this course of action. For instance, on February 16th 1995, eleven days before the federal budget was introduced Moody's Investors Service put Canada on notice that it was reviewing its debt for a possible downgrade and by April 12th it actually lowered Canada's bonds to double-A1 from triple-A (Ibid., B5). This downgrade would be a considerable setback for any state as it reveals to the international community that Canada is not a sound investment which is problematic within the context of the highly competitive global market place.

When Canada has fiscal responsibilities both domestically and internationally, policy choices become more complex. The interdependency of the global economy creates a strong pressure for states to compete effectively and promote greater fiscal responsibility. This additional pressure on states can challenge their commitments to their domestic responsibilities. Due to the emphasis on the economy in this intensified global community, domestic policies have aligned themselves accordingly, often to the detriment of social policies. As such, external forces from the international community

have motivated, or at the very least contributed, to a political climate that is less favourable towards social policies. This is symbolized by the decision of policy makers to reduce social funding to fulfill their greater fiscal responsibility. The following section reviews international events which have contributed to this intensified internationalization, as well as globalization to reveal the challenges the social policy sector faces under this new political climate.

International Events

By the mid-1970's, the Western world began to experience profound economic and political change. The long economic boom that was brought on by the reconstruction period after WWII ended in the early 1970's due largely to the 1973 Arab oil embargo and the subsequent increase in oil prices by the Organization of Petroleum Exporting Countries (OPEC). However, this event was only the beginning of the economic downturn that would dramatically affect the international community. The collapse of the communist regimes after the fall of the Soviet Union not only produced an extreme climate of political uncertainty, instability, and chaos, but also destroyed the international system that had stabilized international relations for almost forty years (Hobsbawm 1995, 10-11). These events revealed the precariousness of some of the domestic political systems that had essentially rested on that stability. The tensions of former communist states due to their troubled economies and subsequently troubled political systems, challenged the political systems of liberal-democracy which until this time had functioned quite effectively in developed capitalist countries. Even the basic units of international politics itself, the sovereignty of the nation-states, became threatened by

various factors such as the transnational economy, and the intra-national forces of secessionist regions, leaving the future of the international system rather obscure (Ibid., 13).

Another factor that contributed to this international economic crisis was the decline in profits and the flight of capital, as multinational corporations shifted their manufacturing investments to countries of the developing world, where cheaper labor could be found (Bluestone and Harrison 1982, 6). This process led to 'de-industrialization', "A vast systemic dis-investment in the nation's basic productive capacity" (McBride and Shields 1997, 47). As a result, Canadian employment in goods-producing industries fell from "34.8 percent of the labor force in 1951 to 26.7 percent in 1981, a pattern that is common in most other Organization for Economic Cooperation and Development (OECD) nations" (Economic Council of Canada 1984, 157). These international changes led to pronounced effects on the domestic politics of most industrialized nations, Canada included. Once unemployment rates began to increase in many OECD countries, the Keynesian principles of low unemployment rates were challenged significantly.

This change in the mobilization of production was paralleled by a technological revolution as corporations attempted to modernize their enterprises by lowering their labor costs and boosting profits, which produced dramatic changes in the production of goods and services. Information systems and telecommunications technologies transformed production and work processes. As a result, fewer workers were needed and a major reduction of productivity growth occurred in most OECD countries. The impact of technological change on employment opportunities in Canada was clearly illustrated

by the Economic Council of Canada. Technological advances over the 1971-79 period made it possible to produce the same level of output with 8 percent fewer jobs in the commercial sector of the economy than would have been possible prior to 1971 (Economic Council of Canada 1984, 75). "This represented a labor savings of approximately 630,000 jobs" (Ibid., 75). "Between 1960 and 1973, the average growth rate in GDP per capita for the OECD nations as a whole ranged from 3.5 to 4.0 percent; between 1973 and the early 1990's, it fell below 2.0 percent" (Banting 1996, 30). Despite initial claims that these advances in technology would actually require greater skills, and increase employment in these areas, only "Seven of the thirty-nine industries required additional labor skills" (Economic Council of Canada 1984, 157).

Ultimately, this change in unemployment rates affected the OECD countries significantly. For instance, during the 1950's and the 1960's, unemployment in the OECD countries stood at approximately 3 percent, which was regarded essentially as full-employment. By the 1970's however, the dramatic increase in unemployment caused the Canadian government to officially abandon its commitment to maintaining full-employment (McBride 1992, 89-90). Canada was particularly affected as the unemployment rate increased more dramatically than in most other OECD countries from an average of "3.5 percent in 1973, to 5.5 percent in 1975, and to 8.4 percent in 1983" (Gonick 1987, 341).

The reduction in job growth has had a significant impact on the fiscal capacity of governments in western nations, which simultaneously weakens the re-distributive capacity of the state (Gonick 1987, McBride 1992, Marr and Paterson 1980, and Ruggeri 1987). It appears that many governments are under pressure to redesign social programs

in ways that reduce rigidities in the labor market, enhance flexibility in the domestic economy and at the same time, reduce the financial burdens on the public treasury. This new emphasis conflicts with the security and protection that is embodied in the initial conception of the Keynesian welfare state. In addition, given the greater mobility of factors of production, many countries have felt obligated to lower taxes on production to remain competitive in the international economic arena.

Globalization

The phenomenon of *globalization* has become a popular explanation of the changes in the economic setting that began in the 1970's. This phenomenon has also lent itself to the conventional wisdom that the 'golden age' of the nation-state is over. The nation-state, which dominated the political stage for several centuries, is held to be losing power and capacity as a result of globalization. The international community has become more interdependent, which in return has challenged state sovereignty. As shown, countries such as Canada have been subject to greater external influences on domestic policy decisions. This thesis does not subscribe to the view that this process is an inevitable product of uncontrollable structural forces nor that it need render the nation-state irrelevant. Nevertheless, the argument that globalization has indeed eroded the capacity of nation-states has considerable validity.

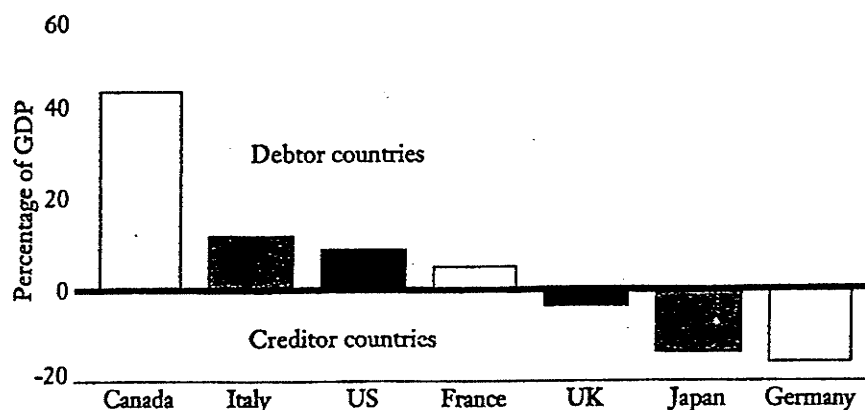
Globalization is not necessarily a new phenomenon yet it is often offered as the stimulus to explain, and at times even correct, the economic and political crisis that struck the world economy in the 1970's. This phenomenon is characterized by three major themes. The first is the creation of larger markets because the nation-state can no longer

satisfy the needs of multinational corporations, which require larger trading areas. Second, in this new environment capital, especially financial capital, have become increasingly mobile, largely due to information and telecommunications advances that allow for the instantaneous movement of funds. Third, there has been greater global specialization of production, in that particular regions specialize in specific means of production (Banting 1996, Korten 1996, and Pal 1997). As a concept, globalization has been used to explain or describe international events since the 1970's. It is not, however, the intent of this thesis to hold this phenomenon accountable for these changes. This thesis asserts that 'globalization' cannot be held responsible for these events, as it is merely a term, or concept, just as the term colonization itself cannot be held responsible for the displacement of cultures. Ultimately, the responsibility lies with the governments that adopt these policies. At the same time, globalization poses a problem for governments who have lost influence and control over parts of their economic environments. Yet the public still considers governments responsible and accountable for their economic performance. Examining the complexities and diverse attributes of globalization is key to understanding the international element; however, it should not be rendered 'responsible' for the events it describes.

Although all Western states are at least in part affected by globalization, in many ways Canada's vulnerability to globalization is greater in comparison to other OECD countries. For instance, no other OECD country is as dependent on the market of another country as Canada is on the American economy (Simeon 1995, 262). This export concentration can force Canada to comply with American protectionism, under the North American Free Trade Agreement (NAFTA) often causing trade friction between the two

nations largely due to the overwhelming power and wealth of the United States in comparison to Canada. In addition, Canada's exposure to international economic forces increased in relation to its reliance on foreign borrowing. As shown in Figure 1.1, Canada led all other G7 nations in its net foreign indebtedness by a considerable margin, making it particularly vulnerable to global markets.

Figure 1.1: Net Foreign Indebtedness of G7 Countries



Source: Banting 1996, 35.

The foreign indebtedness that Canada endured during this period increased its vulnerability to international bond-rating agencies. To address this fiscal vulnerability the Department of Finance insisted that Canada sustain a decline in the debt-to-GDP ratio⁷ necessary for the federal government to protect itself from the possibility of future economic downturns in the global economy and at the same time raise the international financial community's confidence in Canada. Moreover, high levels of debt usually lead

⁷ "A measurement of the federal debt as a percentage of Canada's GDP. It is a measure of the debt in relation to the economy and of our capacity to carry and repay debt" (Department of Finance 2002c, 13).

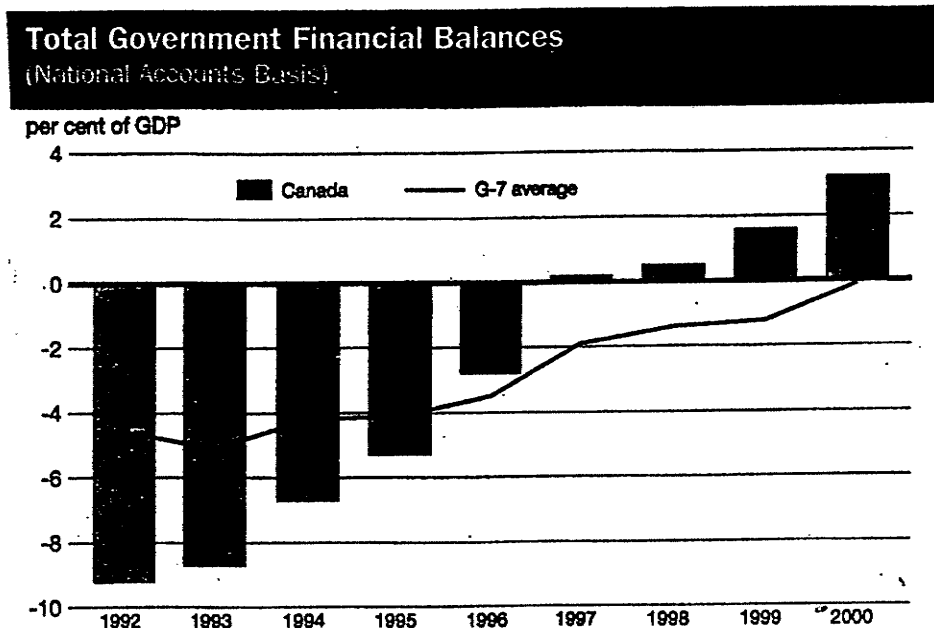
to increased interest rates which discourage investment that is necessary to sustain growth (Department of Finance 2002a, 2). Canada successfully worked towards the initiatives set forth by the Department of Finance to promote greater fiscal responsibility and by 1996-97 the federal government no longer had to borrow new money on financial markets to pay for ongoing programs or for interest on the debt. This is a striking achievement as this was the first time in 27 years that Canada no longer relied on foreign borrowing to pay down the debt (Ibid., 2). The Honourable John Manley, Deputy Prime Minister and Minister of Finance, commented on this achievement stating that;

Our current account⁸ balance moved into surplus in late 1999 and has stayed strongly in the black, even with the U.S. slowdown. This has helped reduce Canada's foreign indebtedness to its lowest level in 50 years. As well, our net foreign indebtedness, as a share of gross domestic national product⁹ (GDP), is now below that of the United States for the first time on record (Department of Finance 2002b, 4).

⁸“A measure of the flow of goods, services and investment income, between Canada and the rest of the world, including merchandise imports, and exports, international service transactions, and interests and dividend payments or receipts. The deficit on investment transactions reflects the need to pay interest and dividends on foreign debt” (Department of Finance 2002c, 29).

⁹“The total value of all goods and services produced within Canada during a given year. It is a measurement of income generated by production within Canada” (Department of Finance 2002c, 46).

Figure 1.2: Canada's Financial Balance Compared to the G-7 Average



Source: Department of Finance 2002a, 18.

Manley also stated that, “the official forecasts from the International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD) predict Canada will post the highest economic growth¹⁰ rates in the G-7 this year and next” (Ibid., 4). This positive growth corresponds with the announcement from Moody’s Investors Service in May 2002 that it was restoring Canada’s Triple-A credit rating which had been lost in 1995 (Ibid., 5). According to Manley this high rating represents a restored confidence in Canada’s future by the international community. Yet despite this apparently positive outlook on Canada’s economic future, the external influences have nonetheless contributed to a current political climate that privileges economics and

¹⁰ “An increase in the production of goods and services over a given period. Nominal growth is the increase including changes in prices while real growth is the increase excluding changes in prices. Statisticians and economists have developed a concept called ‘constant dollars’ so they can exclude price changes from measures of growth. Constant dollar, GDP only captures changes in actual or real production” (Department of Finance 2002c, 76).

finance. This is revealed by the vigour with which Canadian decision-makers worked to reduce foreign debt to restore Canada's financial reputation in the global economy.

These external factors create contradictory pressures on the welfare state in Canada, and the way in which those contradictions are addressed depends in part on the internal processes of domestic governments. Largely due to increased globalization, the international community has become more interdependent as trade has expanded and multinationals have transcended business practices to a multitude of states. When states become more interdependent in terms of trade and security, international events such as the 1970's oil crisis inevitably affects numerous states and their domestic politics. This remains true today as the events of September 11th, 2001, represented by the attack on the World Trade Center, were felt by many Western states. Social policies can be further challenged within this interdependent environment since the broader international community of states and multinational corporations can actually compete with the domestic interests of individual nation states, influencing nations' spending decisions, which ultimately weakens state sovereignty.

Interestingly, during this period of increased fiscal awareness and reduced social responsibility, unemployment rates increased. External factors such as vast technological advances and the mobilization of capital have created a higher unemployment rate for Canada. Higher unemployment rates further challenge domestic economies especially within a climate where the economy has intensified, demanding greater efficiency and competitive fiscal policies and practices. To respond to these contradictory pressures, most Western states, such as Canada, have reduced their social responsibility to their citizens at a time of greater need. As such, the political climate in Canada is one where

policy makers choose to promote corporate profits instead of promoting greater production and job growth. According to Keith Banting, the privileged position of the business sector is revealed by the frequency of finance meetings of the OECD. "The Economic Development and Review Committee which is dominated by departments of finance, meets approximately twenty times a year, whereas the Education, Employment, Labour, and Social Affairs Committee meets only twice a year" (1996, 54). Some argue that Canada is not as greatly affected by globalization as its leaders would have Canadians believe and they downplay the role that governments have played in endorsing and promoting the values and aims of globalization (Chodos, Murphy, and Hamovitch 1991, McQuaid 1998, and Teeple 1995). Whether or not globalization is a perceived or real threat to the economy of Canada, it has nonetheless affected the Canadian political climate regarding social policy.

Political Structure

Canada is a linguistically, culturally, and regionally diverse nation-state, unique in its vast size and complexity. Federalism is the political structure which has allowed this unique country to perform by most standards remarkably well, and is therefore an essential element in defining the current political climate. According to Bakvis and Skogstad, the basic federal formula is "A shared rule by means of a central government on purposes held in common for all citizens, and local self-rule through provincial governments to allow regionally distinctive identities to be expressed" (2002, 1). The original constitutional document, the *British North America Act of 1867*, was the initial framework of federalism, which allowed Canada to adopt social, economic, and cultural

policies consistent with those of other advanced industrial nations. Canada has experienced inevitable changes since 1867, such as the addition of new provinces, war, depression, and economic development, yet due to the flexible nature of federalism, Canada has managed to adapt to these challenges fairly well. Vehicles of judicial review, constitutional amendments, and changes to the conventions of federalism itself have all contributed to its successes. However, particular changes made to the conventions of federalism have not fared as well and, in fact, some fiscal changes have been detrimental to the role Canadian federalism plays in social policy.

Until the late 1970's or early 1980's, Canadian fiscal federalism had a 'mission statement'. Its sense of purpose mirrored the postwar consensus about the role that the state should play, through programs of redistribution and macroeconomic stabilization, in building a fair and compassionate society and a prosperous and stable economy. [Since then...] the golden age of consensus had eroded badly... [F]iscal federalism has also lacked a strong sense of purpose (Brown 2002, 66).

The federal government's withdrawal from the funding of programs of redistribution employed to promote a fair and compassionate society has affected the social sector negatively. Before discussing the effect these changes to federalism have had on social policy, a brief outline of the fiscal arrangements within Canadian federalism is helpful.

Fiscal Arrangements

According to Douglas M. Brown, fiscal federalism co-exists within the formal constitution as an "interlocking web of taxation, expenditure, and transfers that changes more frequently than the Constitution" (2002, 59). The allocation of expenditure and

revenue functions is arguably one of the most important constitutional features for social policy. Brown outlines the four elements of fiscal federalism as;

- (1) The constitutional division of legislative, taxation, and expenditure powers;
- (2) the evolved pattern of tax allocation, sharing, and harmonization;
- (3) the system of intergovernmental transfers to bridge the gap between the revenue and expenditure responsibilities, that is, to reduce vertical and horizontal fiscal imbalances; and
- (4) the process by which fiscal arrangements are made by federal and provincial governments (Ibid., 60).

Constitutional Powers

The constitutional allocation of powers in Canada is unique for a federal system in that fiscal mechanisms must respect the autonomy of the provinces in significant expenditure fields. In addition, unlike most other federations, the two levels of government have full access to sources of taxation. Both governments can “collect personal and corporate income taxes, general sales or consumption taxes, as well as payroll taxes for specific purposes such as unemployment insurance, health care, and pensions” (Ibid., 61). There is, however, one distinction between the two levels of government in terms of constitutional spending power in that the federal government has a constitutional right to spend in any expenditure field it sees fit. The federal spending power is most conducive to the promotion of national social programs and according to P.W Hogg, “The courts have upheld this spending power as long as the granting of money does not constitute regulation by other means” (as cited in Brown, 2002, 61).

Tax Allocation

The Canadian federal system began as a highly centralized system, only to become, “one of the more decentralized of existing federal systems” (Ibid., 61). This decentralization is largely due to the revenue split between the federal and provincial governments over the past 50 years. In 1950, for instance, Ottawa exercised stronger central control over revenue generation, as the federal government levied approximately 65 per cent of total taxes. By 1999, however, this had declined to 47 per cent (Ibid., 62). One of the main reasons for this change is that provincial expenditures rose more quickly given responsibility for health care. The federal government, on the other hand, was responsible for expenditures such as defence spending, which was decreasing over this period. To address this trend in spending, the federal government responded by allowing considerable tax room on corporate and personal income to the provinces from the 1950’s to the 1970’s. Since there are few constitutional prohibitions to provinces raising their revenue, tax sources also proliferated (Ibid., 62). One of the concerns, however, with tax decentralization is that it could threaten the chief goals of a federal system since it reduces the fiscal, economic and social integration.

The freedom each province has to raise revenues through tax sources results in diverse guidelines of taxation creating a discrepancy across Canadian taxpayers from province to province. To address this concern, programs that promote fiscal equalization and prevent horizontal fiscal imbalance are often necessary, promoting the *harmonization of taxes*. The harmonization of taxes attempts to ensure that similarly situated taxpayers are treated similarly across the provinces. As well, the harmonization of taxes makes it easier for capital, labour, goods, and services to be nationally mobile which serves to

protect national unity within the Canadian federation. The most successful means of promoting harmonization is the *Tax Collection Agreement*, in which the federal government collects personal income tax from all of the provinces except Quebec and Alberta, and corporate income taxes from all of the provinces except Ontario, Alberta, and Quebec. In return for paying all the collection costs, the federal government has the provinces' agreement on a common definition of the tax base as well as a common approach to tax enforcement and allocation with the exception of some provinces (Ibid., 62). In its 2001 budget, the government of Manitoba moved from a provincial personal income tax expressed as percentage of federal tax to a "tax on net income" (TONI). This gave the government more flexibility in defining the tax base.

Intergovernmental Transfers

According to Brown, "intergovernmental 'transfer' payments are the means by which the gaps between the expenditure responsibilities of provinces and the revenues to fund them are filled, or at least narrowed" (Ibid., 63). Ideally, these transfer payments are an important means for the federal government to build national programs, while leaving the delivery of these programs to the individual provinces. However, whether such transfer payments successfully achieve central policy objectives or reflect the autonomy of the provinces is often debated. In an attempt to address this uncertainty, transfers come in two different designs; conditional and unconditional. "Conditional transfers are payments made for specific purposes, often in the past to induce social programs with similar entitlements across the country" (Ibid., 63). "Unconditional transfers are those

without program expenditure strings attached, but which will still have specific formulae guiding which provinces receive what proportion of funds” (Ibid., 63).

Intergovernmental transfers are an especially important element of federalism when discussing the current political climate in terms of social policy, since intergovernmental transfers are largely *unconditional* today, which has greatly affected the relationship between Canadian federalism and the social policy sector. For instance, the two biggest programs, accounting for 89 per cent of all federal transfers in 1999-2000, are the Equalization Program (EP) and the Canada Health and Social Transfer (CHST) (Ibid., 63). The EP is completely *unconditional* in nature and serves to fund health care and post-secondary education. As the EP is the most unconditional transfer it is designed to ensure autonomy for all the provinces by providing the capacity to deliver comparable services at comparable rates of taxation. Except indirectly through the redistributive effect of the federal tax system, EP does not take its funds from richer provinces, “They [*richer* provinces] are not equalized down to the national level, it is only the poorer provinces that are equalized up” (Ibid., 63). This means that no direct transfers take place between provincial governments. At the same time, the “have” provinces still contribute more per capita than “have less” provinces and this makes equalization payments controversial. To protect the principle of equalization, it was enshrined in Section 36 of the Constitution Act in 1982. Although the original formula, developed in 1957, took into account differences in the per capita field of personal and corporate income taxes and death taxes, today’s formula takes into account revenues from over 33 different sources. “Equalization grants are determined by calculating the

net per capita deficiency of a province over the source of their revenue” (Snoddon 2002, 5).

While the CHST has a few general conditions that serve to uphold national principles, there exists considerable room for provincial interpretation. The CHST is also different from the EP in that it is a *block grant*, which means that it is an amalgamation of previous specific-purpose grant programs that now includes a larger area of program expenditures such as health, social assistance, and post-secondary education. Combining previous categorical grants into the CHST took place in 1995. Block grants differ from former programs that were specifically cost-shared, meaning that federal funds matched actual provincial expenditures, usually dollar for dollar, whereas today funds are transferred without reference to explicit provincial expenditures. The CHST for each province reflects their population and projected demographic trends, but the provinces’ entitlement is equal on a per capita basis. There are two components of the CHST entitlement; tax transfers and cash. A tax transfer occurs when upon agreement, the federal government reduces its tax rates, and provinces simultaneously raise their tax rates by an equivalent amount. The value of a tax transfer varies between provinces and the cash component compensates to ensure that when cash and transfers are combined provinces’ entitlements are equal on a per capita basis (Department of Finance 2003, 1). Although Canadian governments still maintain some cost-shared programs, such as regional development and infrastructure agreements, they are far less financially significant than the EP and the CHST.

Fiscal Relations Process

This last element of federalism explains the political and administrative process by which Canadian fiscal arrangements are made. Overall, these arrangements are rarely made jointly between the two levels of government, particularly the arrangements which involve the amount of money to be transferred to the provinces. For instance, the most recent and significant fiscal decision was the introduction of the CHST, solely made by the federal government with only minimal consultation from the provinces.

The Impact on Social Policy

Unlike other factors, the political structure affects the social policy sector directly. Changes in 'fiscal' federalism allowed for significant reductions to social spending, which drastically reduced and eliminated social programs and services. The point at which the federal government's decision to reduce its social responsibility became most apparent was in 1984 when the Progressive Conservative government of Brian Mulroney altered programs such as, *family allowance*, *unemployment insurance*, and the method of funding to the provinces for welfare benefits under *transfer payments*. These changes were further supported under the newly elected Liberal government in 1993, and the biggest cutbacks came in 1995 as part of the Program Review exercise. As such these three areas; family allowance, unemployment insurance, and transfer payments were reduced.

Family Allowance

Family Allowance was initially a universal program established in 1945 as a universal system of baby bonuses paid to mothers. Brian Mulroney's Progressive Conservative government altered the nature of this program. In 1985, the federal government ruled that family allowance payments would only be increased if inflation exceeded three percent and this was believed by many social advocates as a strict requirement employed to protect federal funds. A system of taxing benefits was also introduced so that by 1992 one-third of the family allowances program was paid for through a reduction of payments taken from middle to upper-income families. In 1993, under the Liberal federal government a targeted fiscal transfer was introduced as the *Child Tax Benefit*. This benefit replaced the Child Tax Credit created by the Liberal government in 1978. A tax-free monthly payment and supplement for low-income families with young children whose parents were in the labour force was made available under this tax benefit. At the same time, these families only received an increase in payment when inflation was more than 3 percent. An additional family supplement of \$500 per year was paid to the working poor, but not to welfare recipients. The Child Tax Benefit eliminated one of the only secure sources of monthly income for many mothers (Timpson 2001, 170-1). Moreover, by switching from a universal approach to a targeted plan, the federal government moved from a system that was relevant to all families with children to one that addressed only the poor, more importantly the working poor. These series of alterations changed the nature of family allowance.

Unemployment Insurance

Shifts in *unemployment* benefits after 1984 followed a similar pattern. Conservative legislation tightened the eligibility for unemployment insurance (UI) and reduced the level of benefits from 66 percent to 57 percent of insurable earnings (Timpson 2001, 86-7). In 1991, when the Conservative federal government withdrew funds for unemployment insurance, benefits were paid by employee and employer contributions only. This initiative necessitated higher payroll taxes, shorter benefit periods, and lower benefit payments. Training programs, for immigrant workers who were trying to re-enter the paid labour force, were also reduced by the Conservative government (Ibid., 87).

Transfers to the Provinces

Likely the most significant change to the Canadian welfare state was the reduction in transfer payments to the provinces. Initially, the Conservative government in 1984 supported the right of social citizenship through the Canadian Assistance Plan (CAP). The CAP was one of five pieces of major federal social legislation enacted in April 1966 as a cost-shared conditional, grant program. There were two primary objectives to the CAP. First to support the provision of adequate assistance to persons in need and second, to encourage the development and extension of welfare services designed to prevent and remove the causes of poverty and dependence on public assistance. Provincial jurisdiction was respected in the CAP Act. That is, the federal role was a reactive one, limited to supporting provincial programming by contributing towards their cost. As such the CAP shared in the cost to the provinces and territories of providing social

assistance to persons in need and while the federal government specifies conditions for cost sharing, provincial governments are responsible for design and delivery of programs (Department of National Health and Welfare 2003, 1).

The federal government contributed financially to provincial programs in an attempt to promote national standards for most social assistance. At the same time the CAP did not obligate the provinces to spend 'socially', it merely encouraged them to do so by offering to match funds allocated to social programs dollar for dollar. Under CAP provincial administrations were not permitted to require welfare recipients to work in order to receive their entitlement and Ottawa was responsible to pay for one-half of all qualifying programs in all provinces and territories, until 1990. After this point, the Conservative government enforced a 'cap' on spending under the CAP (Maslove 1996, 285). It limited the increases in transfers to the three wealthiest provinces (Ontario, Alberta, and British Columbia) to no more than 5 percent for five years (Ibid., 285). These three provinces were made ineligible for matching federal monies that went to other provinces even though taxes collected in these provinces were a primary source of all federal transfers. Over time, these reductions to the CAP led provinces such as Alberta and Ontario to reduce social services to their residents and gave the federal government far less leverage over national welfare standards. As James Rice and Michael Prince conclude in their account of fiscal changes in Canada, the most significant consequences of the Conservatives' social policy record have been a lowering of the safety net and a weakening of certain bonds of nationhood and citizenship (Rice and Prince 1996, 122).

By 1993, the federal government no longer offered universal family allowances. The Conservative government left a much reduced unemployment insurance program and an increasingly decentralized regime of welfare spending. Yet, despite the hope with the social policy community in the newly elected Liberal party, the pattern of restructuring and reduced social spending continued. By 1996 the Liberal government formally replaced the CAP with the CHST (Maslove 1996, 285). This change marked the beginning of a new era for social policy in Canada as the federal government aggressively withdrew from cost-shared programs. The CHST both reduced the total amount of money transferred from the federal government for social programs allowing for a cut in cash transfers to the provinces from roughly "\$18 billion in 1997 to \$11 billion in 2001" (Courchene 1994, 15-6). Ultimately, the CHST became an appealing vehicle for federal deficit shifting.

Several other analysts agree that the creation of the CHST will reduce social funding and therefore reduce the social responsibility of the federal government.

Katherine Scott supports this view in her study on *Women and the CHST*. She insists that,

Originally, federal transfers for welfare, health and postsecondary education was to fall in value from \$29.7 billion in 1995-6 to \$25.1 billion in the fiscal year 1999-2000. The cash portion would decline from \$18.5 billion in 1995-6 to a cash floor of \$11.1 billion by 1997-8 and then remain at that level until 2002-3. However, in April 1997, the federal government announced a change in plan. The cash floor was frozen at the 1997-8 level of \$12.5 billion. The new cash floor represents a cut in cash floor of 34 per cent instead of the previously announced 40 per cent cut (1998, 8).

In spite of the higher cash floor, significant reductions in funding have occurred under the CHST.

The following tables reveal the levels of federal funding to the provinces in constant dollars.

Table 1.1: Canadian Health and Social Transfer Payments (Cash Component)

(\$ millions)	Budget	Projected								
	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
British Columbia	2,660	2,660	2,619	2,438	1,968	1,637	1,775	2,222	2,243	2,091
Alberta	1,655	1,655	1,411	1,164	970	903	1,129	1,483	1,510	1,634
Saskatchewan	609	609	552	556	428	446	486	630	654	622
Manitoba	684	684	638	509	515	504	586	767	769	746
Ontario	6,211	6,211	4,895	4,722	3,553	3,970	4,814	6,328	6,636	6,189
Québec (1)	3,008	3,008	1,627	1,142	1,757	1,686	2,514	3,720	3,972	3,748
New Brunswick	495	495	404	369	341	328	397	455	467	475
Nova Scotia	558	558	526	528	427	439	536	626	662	622
P.E.I.	87	87	77	71	62	60	72	89	91	88
Newfoundland	331	331	335	290	273	280	342	435	452	413
Total provinces	16,297	16,297	13,084	11,789	10,294	10,253	12,651	16,755	17,456	16,628
Federal government (as reported)	14,638	14,638	11,257	12,522	13,878	10,504	12,744	16,671	17,443	16,846

(1) Québec gets less in cash CHST due to additional transfer of tax points (receives additional PIT and CIT revenues).

Source: Beauchemin and Judson 2003, 57.

(\$ millions)	Budget	Projected								
	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
British Columbia	-	-	-	-	-	-	-	-	-	-
Alberta	-	-	-	-	-	-	-	-	-	-
Saskatchewan	492	492	175	542	442	8	176	216	540	538
Manitoba	1,390	1,390	1,339	1,271	912	1,164	1,087	1,065	1,080	802
Ontario	-	-	-	-	-	-	-	-	-	-
Québec	5,337	5,337	5,650	4,387	5,385	4,229	4,103	4,321	3,543	3,812
New Brunswick	1,321	1,321	1,151	1,152	1,271	1,053	904	903	941	775
Nova Scotia	1,326	1,326	1,396	1,280	1,261	1,194	1,116	1,163	1,093	863
P.E.I.	282	282	270	256	269	208	187	188	201	158
Newfoundland	1,162	1,162	1,153	1,071	1,166	1,006	958	912	953	882
Total provinces	11,311	11,311	11,134	9,959	10,706	8,862	8,531	8,768	8,351	7,830
Federal government	11,978	11,978	12,467	10,721	11,645	10,000	9,418	9,405	8,870	10,101

Source: Beauchemin and Judson 2003, 57.

As shown, the federal government reduced the cash component of the transfer payments to the provinces by 43 per cent between 1993 and 2001 (Beauchemin and Judson 2003, 37). These statistics show that the importance of federal transfers has declined during this period from 22.3 per cent of provincial total revenue in 1993 to 13.9 per cent in 2001 (Ibid., 37). In return, statistics show that provinces have reduced their social funding, likely due to the withdrawal of federal support.

Table 1.3: Social Services Expenditures of the Provinces

(\$ millions)	<u>Budget</u>		<u>Projected</u>							
	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
British Columbia	3,197	3,369	3,126	3,011	3,031	3,102	3,020	3,033	2,890	2,705
Alberta	2,127	2,084	1,895	1,771	1,661	1,709	1,333	1,307	1,308	1,555
Saskatchewan	614	627	579	578	569	536	525	536	527	503
Manitoba	879	846	806	768	726	727	745	740	732	719
Ontario	7,245	7,281	7,114	6,951	6,932	7,898	8,081	8,830	9,436	9,242
Québec (1)	5,827	5,760	5,657	5,605	5,672	5,102	5,034	5,006	4,963	4,807
New Brunswick (2)	329	328	327	338	372	302	303	296	296	305
Nova Scotia	699	694	595	687	616	603	578	552	533	521
P.E.I. (1)	118	116	110	102	95	92	91	89	92	95
Newfoundland	543	537	505	472	484	475	489	511	484	450
Total Provinces	21,578	21,642	20,713	20,284	20,158	20,546	20,199	20,900	21,261	20,902

(1) See footnote on Québec and P.E.I. Breakdown under Health Expenditure.
(2) Effective 2000-01, certain health expenditures now included in social services.

Source: Beauchemin and Judson 2003, 59.

Table 1.4: Social Services Expenditures as a % of GDP and Per Capita

	2002-03P		2001-02P		2000-01		1999-00		1998-99	
	% GDP	\$/Capita	% GDP	\$/Capita	% GDP	\$/Capita	% GDP	\$/Capita	% GDP	\$/Capita
British Columbia	2.5	772	2.6	823	2.5	770	2.5	748	2.6	758
Alberta	1.5	683	1.4	680	1.3	630	1.5	598	1.5	571
Saskatchewan	1.8	607	1.9	617	1.7	566	1.9	564	2.0	555
Manitoba	2.5	768	2.4	736	2.4	703	2.4	673	2.3	638
Ontario	1.6	600	1.7	613	1.7	609	1.7	603	1.8	609
Québec (1)	2.5	782	2.5	777	2.5	767	2.7	763	2.9	774
New Brunswick (1)	1.6	434	1.6	433	1.7	433	1.8	448	2.1	494
Nova Scotia	2.8	740	2.8	736	2.5	632	3.0	731	2.9	658
P.E.I. (1)	3.3	841	3.4	836	3.3	795	3.3	742	3.2	692
Newfoundland	3.9	1,021	3.9	1,006	3.7	940	3.9	872	4.3	888
All provinces	2.0	689	2.0	698	2.0	675	2.1	667	2.2	669

Source: Beauchemin and Judson 2003, 40.

Although *Table 1.3* shows that government is spending more socially in terms of constant dollars, *Table 1.4* shows that in terms of a percentage of Canada's overall GDP, governments are actually spending less on social services. Overall, reductions in social spending strain the relationship between the current political climate and the social policy sector. Although Quebec has potentially reduced its projected, social expenditures between 1998 and 2000, this province continues to spend more on social services and programs compared to all other provinces except Newfoundland. It is more than likely that this new fiscal arrangement has resulted in fiscal stress for at least some of the provinces. As Scott points out,

While the announcement of a cash floor of \$12.5 billion for the CHST is welcome, it is by no means adequate. It is important to note that the very significant cut in federal funding for health, welfare, and postsecondary education introduced with the CHST follows years of steady decline. In the 1980's the federal government partly re-indexed and then froze the Established Program

Financing and placed a ceiling on CAP payments to the 'have' provinces. The CHST follows the same model: the issues of indexation and population growth have not been addressed. Predictably, the value of the \$12.5 billion cash floor will decline each year (Scott 1998, 9).

The restructuring process is also symbolic in its redefinition of Canadian's social citizenship. As provinces become more varied with their approaches and spending towards social policy, Canadians receive differential treatment according to the province in which they live.

Fiscal federalism is an essential component of the current political climate in Canada as it ultimately reflects the priorities of the federal and provincial governments. Changes to the nature of federalism in terms of reduced social spending reveal the shift in the federal government's responsibility towards social policy. Cuts to federal transfer programs most visible under the CHST have constrained provincial governments from developing their own programs and eliminated the explicit funding for childcare and other social programs that existed under the CAP. The reduced funding and responsibility of the federal government challenges social policy as it becomes exceedingly difficult to employ national programs, which serve to promote national unity and social cohesion. As a result of this shift in fiscal arrangements, the nature of social policies has also changed. Targeted approaches towards social policy are more popular, replacing universality, which maintained social rights for all Canadians as a right of citizenship despite where one lived and what one could afford to pay.

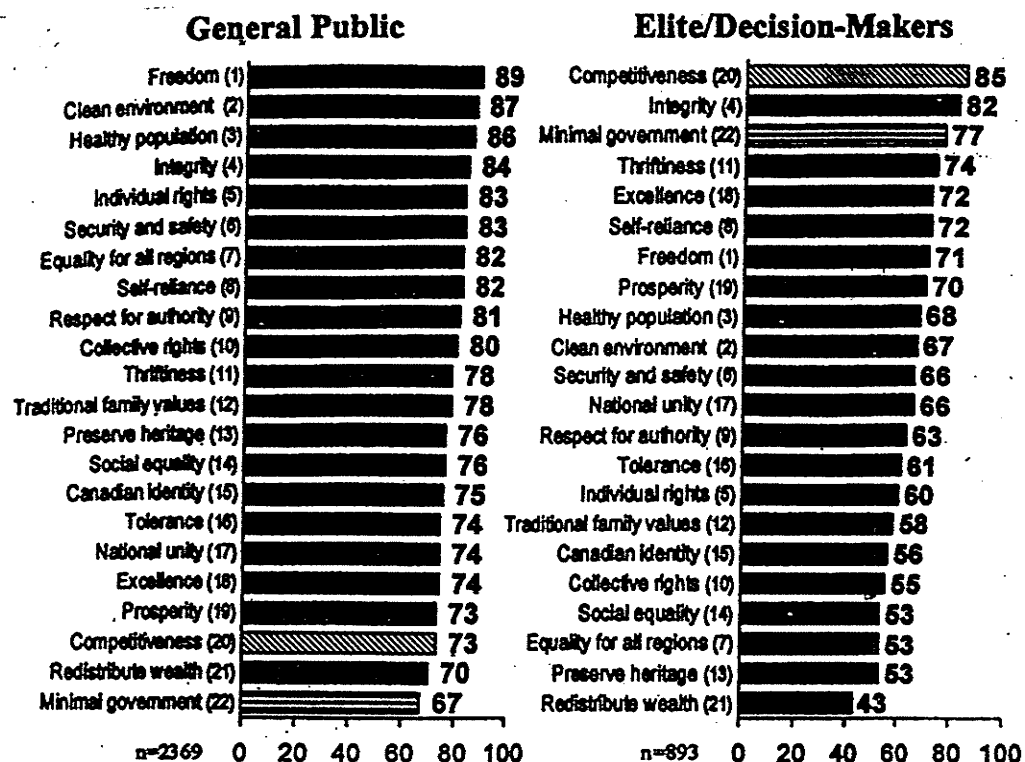
Public Opinion

The Canadian public is far more cynical of its government, in particularly the federal government, than in previous years. According to Frank L. Graves, "Fewer than one in five Canadians believe that when governments make decisions they place the highest priority on the *public interest*" (Graves 1999, 38). This cynicism felt towards government is true of most Western countries today. A revealing conclusion drawn from the American National Election Studies of 1958 to 1996 discloses a steady decline in the percentage of Americans who trust in their government. This 'trust' in government went from "Over 70 percent of Americans in 1960 to around 30 percent in 1996" (Ibid., 39). At the same time the public has also become more cynical of other institutions such as corporate business, and the media. For instance, while roughly three in four Canadians think that the media exercises a lot of power, only one in four think that it should. Interestingly, almost the same share of Canadians think that their governments (both provincial and federal) exercise a lot of power, yet about the same amount think that they should (Ibid., 39-40).

Despite the public's belief in the legitimacy of government, the values and interests expressed by those in government are considerably different from the opinions of the general public. This differentiation is revealed in evidence gathered from an ongoing research project, *Rethinking Government*¹¹. As such, *Figure 2.2* lists the preferred values of Canadians and the federal government in order of importance.

¹¹ The research project began in 1994 and after five years it includes nearly 3000 variables and 30,000 interviews (Graves 1999, 38). "In addition to this extensive quantitative telephone survey database the study also includes a parallel survey of Canada's elites, in both the public sector and the private sector, as well as diagnostic qualitative research with sub-samples of original survey respondents to explore ambiguities and to deepen the understanding of the survey issues. This is

Figure 1.3: Values for the Federal Government



Source: Graves 1999, 49.

These figures reveal a combination of both liberal and conservative values among Canadians today. The low ranking of minimal government interference, in contrast to the high ranking of healthy population and environment, reflects a desire for a 'humanistic'¹² government. At the same time these figures also show favouritism towards conservative values such as hard work, productivity, and family values, while egalitarian values such as the redistribution of wealth and social cohesion are rated lower. There are a few other telling factors revealed in these figures. The order of values shows the diminished faith

one of the most exhaustive examinations of public attitudes, values, and behaviour related to government and other institutions ever conducted in Canada" (Ibid., 38-9).

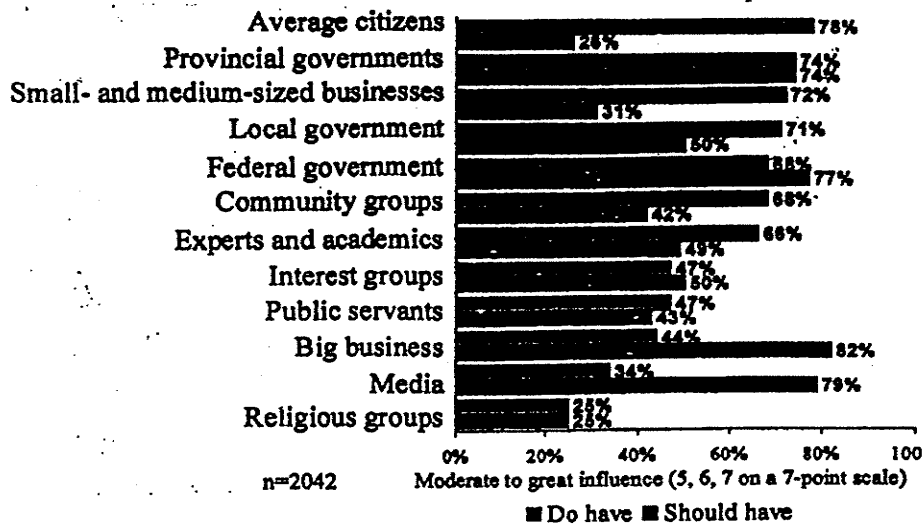
¹² The phrase a 'humanistic government' is used to define a government, which reflects values such as freedom, environment, and a healthy population.

Canadians have in passive income support as a way of addressing social problems. At the same time, these figures reveal that the economy means more to Canadians than markets and dollars. Graves suggests that citizens want to see the economy harnessed for the well-being of average citizens, bringing a humanistic element forward (Ibid., 47).

Values such as competitiveness, minimal government, and prosperity are among the leading values expressed by elite decision-makers, which are in opposition to those of the general public. Over all, this figure reveals two important factors about the current political climate: first that decision-makers place a greater value on interests of a business nature compared to the humanistic agenda adopted by the general public; and second, the government is not effectively representing the interests of the public. As Graves points out, this misrepresentation is puzzling, “the public and its collective interests are supposed to be the *raison d’etre* for government- a notion that most members of the public view skeptically” (Ibid., 38).

Another conclusion drawn from the *Rethinking Government* research project is that the public would prefer to have government represent their interests more effectively, rather than reduce or eliminate government as the ultimate institution of power and distribution (Ibid., 40). Indeed, Canadians would rather see a reduction in the power of media and big business as opposed to a reduced federal government (see *Figure 1.4*).

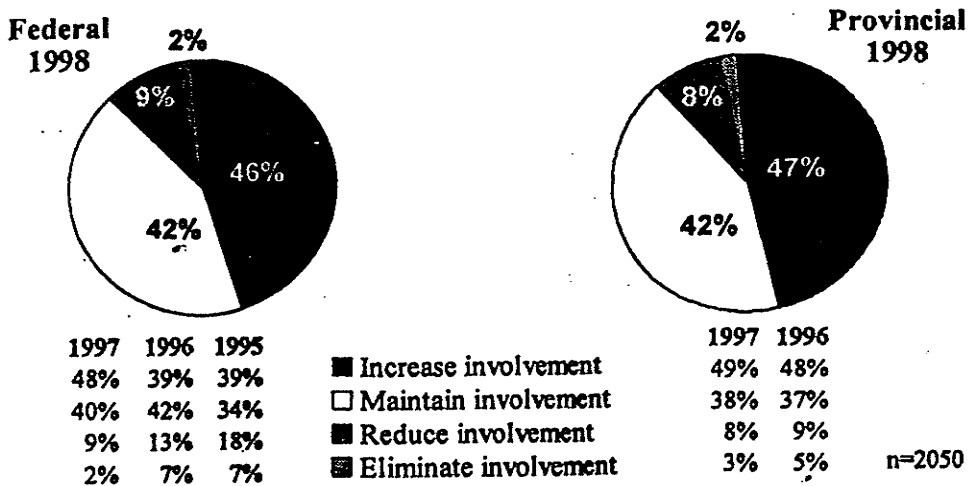
Figure 1.4: Influence of Various Actors
 'How much influence do/should each of the following have?'



Source: Graves 1999, 51.

As such, the public's desire for increased involvement for both levels of government has increased between 1995 and 1998 as revealed in *Figure 1.5*.

Figure 1.5: Future Government Involvement Across All Priorities
 'Overall what would you like to see the federal/provincial government do in the future?'

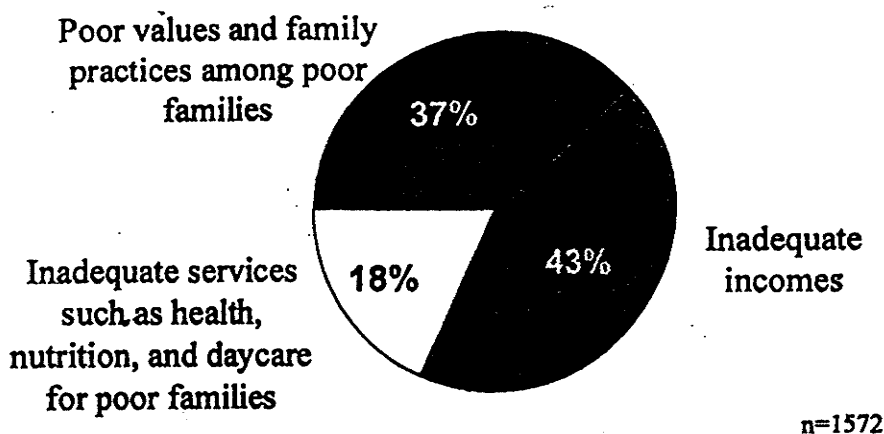


Source: Graves 1999, 55.

Graves predicts from the information gathered under the *Rethinking Government* project that the desire for increased government involvement is highly conditional in that the public would like government to become more involved, on the condition that their values influence government decision-making (Ibid., 55-6). According to Graves, the public's desire for greater involvement in decision-making stems from "A sense of powerlessness and a growing belief that citizens can operate as equals to elites and leaders, particularly in the realm of values" (Ibid., 45).

The study also reveals that the public's view of the quality of Canadian society has shifted over time. There has been a growing desire among Canadians to link values and morality to social policy. *Figure 1.6* shows that many Canadians believe that poor values are at the root of poverty.

Figure 1.6: Factors Producing Poverty in Canada
 'Which of the following problems is the most important factor producing poverty in Canada?'

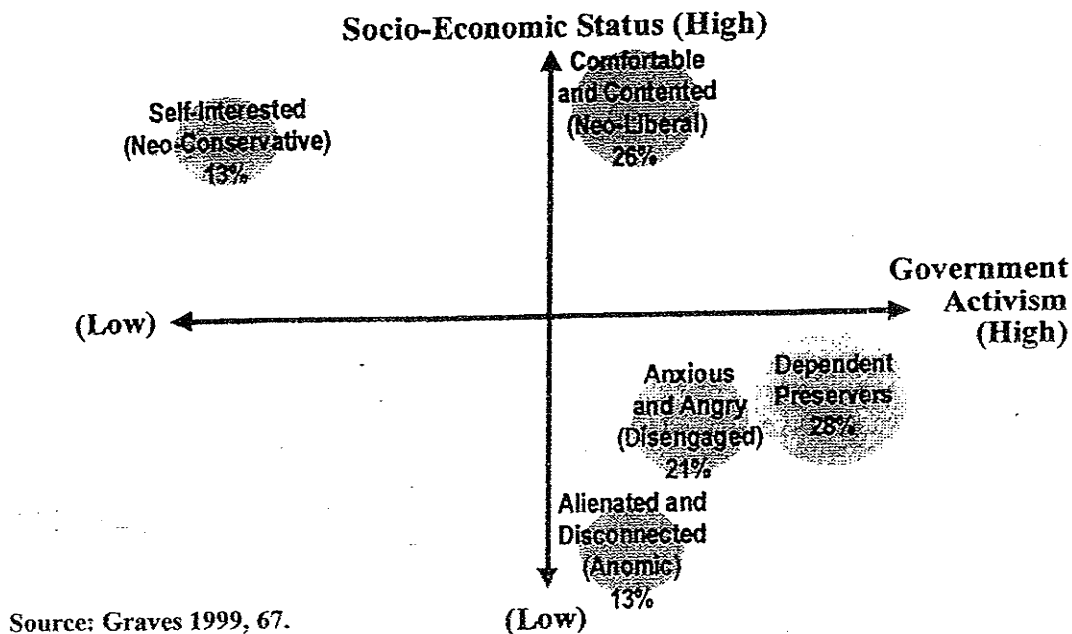


Source: Graves 1999, 59.

These views tend to be more consistent with a conservative ideology, which places greater emphasis on self-reliance and individualism. Generally, the conservative mindset links strong family values to economic security and accountability and believes that income supports may fail to solve social programs since the root of the problem stems from poor values. Therefore according to conservatives, social problems are predominantly an individual responsibility versus a societal one.

Yet another telling shift in public opinion is revealed by Ekos Research Associates from a twenty-year observation on public attitudes towards government. These results show a shifting structure of political class culture. Five *ideal* types of citizens were identified based on surveys of the attitudes and values regarding the changing role of the state in Canadian society. These five types of Canadians were disclosed as: *relatively affluent insiders* (in favour of fiscal conservatism and less active government), *secure middle* (contented, middle-class), *insecure middle* (anxious members of the middle class, linked to the 'old economy'), two classes of *economically distressed* Canadians: *disengaged dependents* (still looking to government) and the *angry and alienated* (who felt betrayed and abandoned) (Ibid., 66). These divisions are useful in defining the current political climate in Canada as they reveal the diversity of citizens in terms of their perceived relationship with the Canadian state.

Figure 1.7: Typology of Canadian Public



The *Self-Interested (Neo-conservatives)* (13%) group situated in Figure 1.7 is best summed up as people who value self-reliance both for themselves and for society. Nationalism is not important to this group and they tend to oppose bilingualism. Graves defines this group as “Highly antipathetic to government in general, and federal government in particular. They are individualistic and mistrustful of institutions. They see government as co-opted, self-interested, and wasteful” (Ibid., 68). This group only represents 13 percent of the Canadian population and consists predominately of white males, who most likely live in western Canada. These members are well educated but not the best educated in Canada. Their annual income is quite high and they are likely to be of the baby boomer generation. This group is likely to support the Canadian Alliance Party or the Progressive Conservative Party.

The Comfortable and Contended (Neo-Liberals) (26%) group has been deemed as the 'new dominant professional class'. This segment is one of the larger and most powerful of all the segments. Its members represent the leadership and peak of Canadian political culture. Different than the self-interested group, this division is highly nationalistic and supportive of the current federal government. According to Graves, "Neo-liberals are the most affluent, educated, and professional of all segments" (Ibid., 69). They support with vigour bilingualism and multiculturalism, tend to be lower in age, and live throughout Canada.

The Dependent Preservers (28%) segment is the largest group of Canadians. Its individuals are less affluent and educated than the former two segments. This group sees themselves as highly dependent on the state and so their needs are strictly aligned with big government. These individuals are generally the most supportive of the current government and are particularly attracted to social activism. They could also be described as 'fiercely nationalistic' (69). Demographics of this group represent an over-representation of women, and ethnic minorities.

The Anxious and Angry (Disengaged) (21%) are a highly insecure group who feel indifferent to the current order of government. Their hostility is driven by their sense of low political efficacy. In fact the majority of this group believe that government has completely lost sight of their needs and interests. Most of these individuals do not have the financial resources or skills to function without the assistance of government. They have a hopeless sense of future and feel that government is to blame for this hopelessness. The demographics of this group reveal that the majority are women who live in single parent, non-traditional households. They are very poorly educated, less

tolerant of immigration, and have incomes lower than the national average. It is highly unlikely that this group has the resources necessary to succeed in the 'new economy'. If individuals of this group are politically active they tend to support the New Democratic Party (NDP).

The Alienated and Disconnected (Anomic) (13%) group is the smallest segment of the Canadian population and the most withdrawn from the national community. These individuals feel very disconnected from government. The demographics of this group are usually white and express higher than average levels of xenophobia. They also tend to be very poorly educated. In fact most of them have not completed high school. These individuals have low incomes, skills, and employment. This group has the highest level of under-employment in the country. Individuals of this group tend to be over represented in Quebec and under represented in Ontario.

This breakdown of the Canadian population is an extremely useful tool as it allows one to see the values and beliefs of Canadians in terms of socio-economic class structure. The information regarding public opinion defines a current political climate in which the government and ruling elites are disjointed from the public. At the same time, the public has more faith in government as a legitimate institution over big business and media organizations. Nonetheless, the discrepancy between government and the public challenges social policy because the lack of consensus among such diverse viewpoints. Social policy is, however, most threatened by the fact that the majority of Canadians have taken a neo-liberal viewpoint regarding the responsibility for social problems. As more Canadians blame social problems on the individual's *poor* value system, it releases government from its responsibility to address and improve these problems.

The Business Sector

While the current political climate challenges the social policy sector, the business sector has remained fairly unscathed. Funding in the forms of tax breaks for large corporations were not as heavily scrutinized as public spending in areas of social services and programs. Walter Stewart insists that, "Corporations have not suffered the same reductions within the welfare state in comparison to reductions made in social spending. In fact they have actually been over-compensated during this time of restructuring" (1998, 294). For instance in 1955, Canadian corporations were paying 43 percent of all the income tax collected in Canada, and individuals just more than half. By the end of 1995, however, individuals were paying nearly 90 percent, and corporations just over 11 percent (Ibid., 294). This significant shift represents a transfer of financial obligations of more than \$30 billion annually from the corporate sector to individual citizens. These statistics show that corporations are actually paying a great deal less in taxes than they did forty years ago.

The previous chapter discussed the hierarchal structure that exists within the Canadian welfare state, between the social policy sector and the business sector. Neo-pluralism was used to explain this relationship within the public policy field as it suggests that government policies should follow an agenda that is at least favourable to the development of the system of private enterprise and corporate power. According to neo-pluralism, "Democracy is embedded in a socio-economic system that systematically grants a 'privileged position' to business interests" (Held 1996). In this way, the federal government's decision to reduce and cut social programs and services is explained by the federal government's over-arching commitment to the business sector. Nonetheless,

policy decisions that honour the business sector over the social sector is ultimately a choice that governments make. Great debate surrounds the issue of whether governments can ignore the demands of the business sector during this era of globalization and changing world order. An argument is made here that the decision to continuously support the business sector, often at the expense of social services and programs, is not necessarily inevitable nor financially efficient.

Conclusion

The current political climate in Canada has changed since the post-WWII era. Principles of *universality* and *social citizenship*, introduced by the Keynesian welfare state, have been replaced by a neo-liberal agenda that advocates a more *free* economy, one in which social rights are circumscribed by the market ethos. These changes emphasize means-tested benefits and stringent eligibility conditions, which serve to divide the citizenship into separate classes, removing the universality of social benefits, challenging national unity and social cohesion significantly. To support this characterization of the current political climate in Canada, several factors were considered. The ideological shift towards neo-liberalism revealed new ideas which support a freer economy and market place, strongly encouraging governments to become more financially responsible. As such the nature of social policy has changed to employ a more 'targeted' approach; providing assistance to only those who *need* it. External events such as the international oil crisis of the 1970's and the phenomenon of globalization were also reviewed because they act as both part creator and part response to the challenges the social policy sector faces under the current political climate.

Governments today are encouraged to promote efficiency and competition due to the intensified interdependency reflected in the increased flight of capital, larger markets, and technological advances.

While the Canadian government concerns itself with the demands of global competition, foreign debt, and subsequent business practices, the majority of Canadians do not share the intensity of these concerns. Most Canadians believe that social investment is their most valued interest. Despite their belief that social investment provides a substantial return, they tend to believe that the government should provide these services on a more needs-based condition, instead of providing social services for all Canadians as a right of citizenship. So although most Canadians do believe in social programs and services, they are more selective as to how and to who ought to be employed. This shift towards a more targeted approach to social policy may very well stem from an environment which repeatedly makes claims that 'big' government needs to be reduced due to their fiscal inefficiencies.

To accommodate this increased interest in business, the political structure of Canada has changed largely at the expense of the social policy sector. The federal government has created shifts in tax structures, caps on public spending, and anti-inflation monetary policies to the social policy sector. Reductions in funding have been made to family allowance, unemployment insurance, childcare, and transfer payments from the federal government to the provincial government. These cutbacks significantly alter the nature and sustainability of the social policy sector. The most detrimental effect to social policy came from the reduction of federal transfer payments for the provinces. Cuts to these transfer payments significantly shield the federal government from both the

financial and social responsibility for society's less privileged. These cutbacks in funding became increasingly more significant after the federal government eliminated the CAP and EPF altogether, replacing it with an appealing vehicle for federal deficit shifting, the CHST.

However, the most telling point made is that while social services and programs have been reduced, the business sector has actually experienced an increase in public spending, which shows a privileged position for business. These actions have occurred despite the fact that the initial role of the welfare state was to protect both business and social sectors from the unregulated effects of the market; not to necessarily favour one sector at the expense of the other. As well, it is the apparent intent of neo-liberalism to honour both the market's expectations while maintaining the needs of a compassionate and just society. Yet the current political climate is one where the nature of the welfare state has been altered, challenging the principles and sustainability of the social policy sector, while the business sector enjoys a more privileged position.

At the same time, the current political climate looks as though it could become more supportive of the social policy sector. According to the statement by the Honourable John Manley, Deputy Prime Minister and Minister of Finance, to the House of Commons Standing Committee on Finance, on June 19, 2002, "Canada has successfully emerged from a period of global economic volatility and uncertainty" and "the recent performance of the Canadian economy represents better than expected growth" (Department of Finance 2002b, 1). Manley insists that "good economic policy and social policy go hand-in-hand" and that "Strong economic performance will allow us to better address key social priorities" as "dealing effectively with these (key social

issues) in turn, will reinforce our long-term economic prospects” (Ibid., 10). Manley’s statement admits that in order to address the troubled economy, the social policy sector was neglected. Now as the economy has improved, he boldly promises to attend to the neglected social policy sector in the near future. Yet, interestingly enough, Manley devotes only one paragraph of a 13-page document to a discussion of social policy. The remaining discussion focuses on Canada’s economic standing, its achievements, its troubled areas, and its focus on the knowledge-based economy. As well, it is unlikely that Canadian decision makers are willing to risk their outstanding economic performance to aid the social policy sector. This is especially true since many of the decisions to reduce social programs and funding were made to strengthen the apparently weak Canadian economy. Thus, even though Canada’s international standing has improved, the risk of losing this achievement remains. Therefore it is unlikely that the challenges the social policy sector endures will end under the current political climate.

CHAPTER TWO: WOMEN'S LIFE EXPERIENCES

The previous chapter determined that the social policy sector is challenged under the current political climate largely due to consistent reductions of social funding since the 1980's. Business interests, deficit reduction, and global competition are often promoted to the detriment of social programs and services. This thesis suggests that women are disproportionately affected under the current political climate, as they are more likely to participate within the social policy sector as recipients and/or providers. However to make this argument successfully, it is necessary to show that women have a unique relationship to the social policy sector due to the different life experiences they have compared to men.

This chapter highlights the social, political, and economic areas of women's lives to show the differences that exist between Canadian men and women. It is difficult to categorize a person's life experiences neatly into these three areas and so some overlap will occur. Nonetheless, most of the differences that women experience in their daily lives can be separated into one of these three areas sufficiently. Next, this chapter links women's different life experiences to their unique relationship with the social sector, via the state. This is an important link because it shows that under the current political climate, challenges to the social sector invariably effect women disproportionately due to their unique relationship with the state. When cutbacks and reductions occur to social programs and services women are more likely to feel their effects.

Social Experiences

Women's social relationships and experiences vary considerably from men. Many of these social interactions and relationships are influenced by their socialization as girls. A simplistic analysis of this socialization process is that most Western cultures socialize girls to believe in handsome princes and glass slippers as symbols of love and security. However, it often becomes painfully obvious that neither marriage nor miracles will ensure the love and security for women that these myths and fairytales promise. Although this is a jovial examination on the socialization of women in Canadian society there is at least some truth within it. These seemingly innocent myths and fairytales can breed a passive and dependent sex, as many girls wait eagerly for someone else to provide them with the love and security that they need to effectively support themselves emotionally and financially. Myths after all are, "Very powerful tools in that people will often internalize them even when they contradict one's deepest experience" (Godfrey 1995, xviii). They can be so powerful that when girls become women, their belief system stems in part from these myths, which can arguably contribute to the lack of success a woman experiences in terms of employing the necessary skills to function effectively within society. Gloria Steinem agrees as she points out, "It took me years to learn what boys around me seemed to know instinctively, that \$50 dollars earned through one's own efforts was more rewarding than \$500 received as a dependent, that working in the world outside the home was a way to find an identity in the world as well as to survive" (as cited in Godfrey 1995, xviii). This notion is attributed to the fact that most girls are

taught to focus on relational aspects of life that include marriage and family; in other words, roles, of a care-giving nature.

The role of caregiver reveals that although this work is extremely valuable in terms of necessity and importance, it is often undervalued economically in a market-based economy, such as Canada. A market economy does not attribute care-giving positions with the same monetary value as other professions. The problem with this pattern of distribution is that women are more likely to play a care-giving role, which also means that they are more likely to earn less money. Earning less money, or doing unpaid labour, in a market-based economy can have detrimental and disproportionate effects on women, as they are more likely than men to work in these positions.

Care-giving roles are being examined more today than ever before. Articulating the term 'caring' signals not only the reality that this work is frequently invisible and usually undervalued, but that it also takes place in the context of relationships in which the norms of obligation, responsibility, and feelings of affection and resentment intertwine (Reitsma-Street 1998, 4). Defining this role is believed to help explain many of the inequalities that women face in Canadian society. According to Marge Reitsma-Street, 'caring' refers to, "Physical, mental, and emotional activities, and is an effort involved in looking after, responding to, and supporting others" (1998, 3). Mothers, daughters, and wives are usually the ones that provide these caring tasks and this role is in the context of individual relationships, in the community as volunteers, through the professions as nurses, social workers, and teachers, and as low-wage workers in hospitals, child-care centres, and home-care services. "In 2001, 70% of all employed women were working in one of teaching, nursing, and related health occupations, clerical or other

administrative positions or sales and service occupations. This is comparable with just 30% of employed men" (Statistics Canada 2002a, 7-8).

Table 2.1: Distribution of Employment by Occupation

	1987			1994			2001		
	Women	Men	Women as a % of total employed in occupation	Women	Men	Women as a % of total employed in occupation	Women	Men	Women as a % of total employed in occupation
Managerial									
Senior management	0.4	1.6	16.9	0.4	1.5	19.8	0.2	0.7	23.4
Other management	5.8	10.0	30.6	7.4	10.4	36.9	6.4	10.2	35.4
Total management	6.2	11.6	28.9	7.9	12.0	35.1	6.7	10.9	34.8
Professional									
Business and finance	1.9	2.1	40.7	2.4	2.4	44.6	3.0	2.7	49.6
Natural sciences/engineering/mathematics	1.8	6.6	16.7	1.8	7.4	17.0	2.9	9.8	20.4
Social sciences/religion	2.3	1.9	47.8	3.5	2.2	56.5	4.1	2.1	62.0
Teaching	5.0	2.8	57.3	5.6	3.2	59.4	5.2	2.6	63.3
Doctors/dentists/other health	0.9	0.9	44.1	1.3	1.1	48.7	1.2	0.9	54.4
Nursing/therapy/other health-related	8.0	0.9	87.3	8.1	1.0	87.1	8.0	1.0	87.0
Artistic/literary/recreational	2.8	2.0	50.4	3.2	2.3	53.6	3.3	2.4	53.7
Total professional	22.8	17.3	49.8	25.8	19.6	52.2	27.8	21.6	52.5
Clerical and administrative									
Sales and service	29.6	7.7	74.4	26.4	7.3	74.9	24.9	6.9	75.5
Primary	30.9	18.5	55.7	31.2	19.9	56.4	32.0	19.9	58.1
Trades, transport and construction	2.4	7.3	20.0	2.2	6.7	21.3	1.4	5.4	19.1
Processing, manufacturing and utilities	2.0	27.1	5.3	1.7	25.0	5.4	2.0	24.7	6.4
Total ¹	6.0	10.4	30.2	4.7	9.5	29.2	5.1	10.6	29.1
Total employed (000s)	100.0	100.0	43.0	100.0	100.0	45.3	100.0	100.0	46.2
Total employed (000s)	5,299.3	7,021.4	...	5,934.2	7,177.5	...	6,967.1	8,109.7	...

¹ Includes occupations that are not classified.

Source: Statistics Canada 2002a, 17.

On a positive note Table 2.1 reveals that women have increased their share of total employment in managerial positions. "In 2001, 35% of all those employed in managerial positions were women, up from 29% in 1987" (Ibid., 8). Among managers, however, women tend to be better represented at the lower-levels. "In 2001, women only made up 23% of all senior managers, compared with 35% of managers at other levels" (Ibid., 8). Women also continue to remain under represented among professionals employed in the natural sciences, engineering, and mathematics. As shown in Table 2.1, just 20% of professionals in these positions were women in 2001 and it is believed that these numbers will not increase in the near future given university enrollments (Ibid., 8). The Table also reveals that there are relatively few women employed in most goods-producing occupations. In 2001, 29% of workers in manufacturing were women, as were 19% of those in primary industries and just 6% of those in transportation, trades, and construction work (Ibid., 8).

Women are more likely to volunteer their time to 'care' than men. This is particularly true regarding care for the elderly. According to the 1996 Census, "women constitute over 66% of Canadians who devote more than 10 hours per week providing unpaid care to the elderly" (Statistics Canada 2002b, 1).

Table 2.2: Population 15 years and over by hours spent on unpaid care to seniors, 1996 Census

Definitions and notes	Canada	Quebec	Ontario	Manitoba	Saskatchewan
	Number				
Population 15 years and over	22,628,925	5,673,470	8,429,215	855,680	748,130
No hours	18,905,475	4,752,240	7,064,605	688,940	594,515
Less than 5 hours	2,443,210	653,735	880,715	107,200	99,360
5 to 9 hours	735,680	159,615	279,510	34,205	31,840
10 or more hours	544,560	107,880	204,185	25,540	22,420
Males 15 years and over	11,022,455	2,758,705	4,060,940	416,755	368,735
No hours	9,523,430	2,391,195	3,528,815	348,090	303,310
Less than 5 hours	1,054,315	275,710	383,445	46,915	43,670
5 to 9 hours	262,035	54,545	101,330	12,590	11,850
10 or more hours	182,675	35,260	67,350	9,160	7,900
Females 15 years and over	11,606,470	2,916,760	4,348,270	439,125	381,400
No hours...	9,382,045	2,361,050	3,535,965	340,850	291,205
Less than 5 hours	1,388,895	378,020	497,270	60,285	55,690
5 to 9 hours	473,645	105,070	178,180	21,615	19,990
10 or more hours	361,885	72,620	136,840	16,380	14,515

Source: Statistics Canada 2002b, 1.

As shown in Table 2.2, while some men do care for the elderly relatives, they do not take on the primary responsibility in numbers similar women to. It is also the case that employed women continue to earn less than their male counter parts. "In 2000, women working in full-time employment earned 71.7% of what men did" (Statistics Canada 2002c, 1). Those employed in part-time work earned 64% of what men did (Ibid., 1).

Debate exists whether or not women are more likely to be caregivers due to a natural, biological tendency, or a socialization process. Helen Levine insists that it is neither a natural nor a biological tendency to care for others, but that women are socialized to care, "They [women] have been taught that the essence of being female is conforming, adapting, nurturing others, and looking sexy and young for men. The happiness of gentle, self sacrifice, enabling others to grow and to develop, is the pedestal reserved exclusively for women" (1997, 237). Marge Reitsma-Street agrees that girls are taught how to care and believes that they can even be policed into doing so. She suggests that, "Although girls may want to develop a range of ways to care they are pressured subtly and coercively to care for others in particular ways, especially for boyfriends, fathers and children, more than for themselves" (1998, 87). Indeed, the more a girl fights against how she is expected to care for others and for herself, the greater the costs she is likely to bear. The Sister Study¹³, conducted by Reitsma-Street in 1991, based on the gendered characteristics of relationships, showed strong patterns that promoted conformity in which females were the primary providers of care and females were judged on their ability to care (Ibid., 93). Females showed their ability to care through creating, enriching, and maintaining relationships, especially with one boyfriend.

Another trait of socialization revealed in the Sister Study is the restricted care towards oneself. It was determined that adolescent girls are less likely to focus their

¹³ The Sister Study is part of a larger research project on the development of delinquency and conformity in pairs of siblings. Between 1978 and 1981 the files of 638 mostly Caucasian girls and 1,292 boys who were referred to Ontario correctional, mental health, and social service agencies were reviewed to identify sibling pairs who met the criteria of minimal age differences, shared up-bringing, and definite differences in delinquency and agency contact. In each pair, one of the siblings had been convicted in youth court for delinquent activities and had used social services extensively, while the other sibling was free of judicial convictions and had minimal service contacts. The theme of commonality, rather than difference, emerged from this study of sisters. Of most relevance to women and caring were the core commonalities, these revolved around how the sisters learned to care for themselves and for others, the costs they bore for caring, and how they were policed to conform to expectations about caring (Reitsma-Street 1998, 93).

attention on emotional needs, economic independence, birth control, sexually transmitted diseases and physical abuse and more likely to focus on their appearance and peer relationships (Ibid., 93). Even though girls believe the former issues are important, they have not become a priority for them. Instead, this study showed that adolescent girls are more likely to be concerned with how they are perceived by the opposite sex, leaving them to focus on looking good and being nice. Two hundred and forty girls from working class backgrounds, who were interviewed for the Sister Study, agreed that, "The idea of finding true love with Mr. Right is always the primary goal and the key to everlasting happiness" (Reitsma-Street 1998, 89).

A girl's devotion to finding ever-lasting love was also present in a survey conducted by Carol Gilligan in 1993. Comparably, she discovered that privileged, mostly Caucasian girls comply with "Sacrificial, selfless caring about idealized 'relationships' defined through the 'male voice' at the expense of a myriad of reciprocal authentic relationships" (Gilligan 1993, 86). Although these findings are not recent, they are telling because these adolescent girls now represent adult women within society.

Learning these lessons on how to care, and whom to care for, can impose high costs on girls. The first major cost is that in learning the skills and attitudes needed to care for others, they can seriously restrict and hinder the development of their own interests and independence. The cost of neglecting their own interests leaves them less time for individual study and play. It means that helping and caring will often come before thinking about what she needs or likes. This choice to put others before herself is linked to another cost of caring, which is the inattention to personal and basic health needs. As Reitsma-Street found, "Girls will often neglect themselves by not learning

how to seriously care for the needs of her own body, especially in its capacity to experience pleasure or produce children” (1998, 96). The Sister Study found that as many as two-thirds of adolescents do not use contraceptives, especially in the first few instances of sexual intercourse (Ibid., 96). As well, this survey found that girls with the least exposure to explicit sex education or AIDS prevention and with a higher risk of economic dependence on men found it difficult to insist that partners use a condom every time. By devoting their attentions to looking and being nice, girl often find their bodies pay the price in instances such as, “Sexual assault, STD’s, unwanted pregnancies, as well as abortions and miscarriages” (Ibid., 96).

In addition to restriction of interests and neglect of their bodies, girls who are socialized to care are also at a greater risk of poverty and dependence later in life. For women who experience poverty in adulthood, the seeds of their economic dependency are often sown in adolescence. Caring roles tend to create both an economic and emotional dependency among women for two reasons. First, women need ‘someone’ to care for to fulfill their roles as caregivers. Without someone to care for, a women’s role as caregiver is unnecessary and invalid. Second, since caring work is usually low paid work, or unpaid work, women who are in care-giving positions are more likely to be financially dependent. Most women who participate in care-giving work need financial assistance of some form, either through a dependent, subsidies or tax benefits.

The socialization process of girls as caregivers greatly influences a woman’s relationship and role in society and family. For instance, women are far more likely to be the primary caregiver of the family¹⁴ even though women, including mothers of young

¹⁴ This thesis uses Helen Levine’s definition of the family unit, which includes a, “Husband as the primary breadwinner and head of the household, with his wage or salary maintaining and controlling a family unit;

children, are working outside of the home far more than ever before. "In 2001, 56% of all women aged 15 and over had jobs, up from 42% in 1976" (Statistics Canada 2002a, 4). There has been a particularly sharp growth in the employment rate of women with children in the last 25 years. "In 2001, 70% of all women with children less than age 16 living at home were part of the employed workforce, up from 39% in 1976" (Ibid., 6). Another difference among working mothers is that women with *young* children are working outside of the home more than ever before. "In 2001, 62% of women with children under the age of three were employed, more than double the figure in 1976 when only 28% of these women were employed" (Ibid., 6).

The dual responsibility that many women have to the labour force and their family is referred to as *Double Duty*. Interestingly, even though women are working outside of the home more than ever before, they are still more likely to do the majority of household tasks required as the primary caregiver. "In 1982, on average, a Canadian woman with a paid job and children spent 28 hours on household chores; the average weekly number of hours on housework contributed by the husband was 4" (Scott-Mills 2000, 117). By 2000, fathers spent an average of "three minutes per day with their children and did approximately one quarter of all household jobs" (Ibid., 117). Women on the other hand, spent on average "two and a half hours per day with their children and completed approximately three quarters of all household jobs" (117). According to Statistics Canada, "Women employed full-time with a spouse and at least one child under the age of 19 at home spent 4.9 hours per day on unpaid work activities, an hour and a half more per day than their male counterparts" (Statistics Canada 1998, 14). This means

wife as a financial dependent held responsible for servicing husband and children without pay; and wife also designated as potential "secondary" wage earner to be moved in and out of the work force as required" (Levine 1997, 236).

that in one week most women have put in 10 hours more of extra, unpaid work than their male partners.

Women's continuing responsibility for the bulk of unpaid caring and domestic work in the home is one of the most important factors restricting movement toward gender equality in Western industrialized nations. While legislation around issues such as voting rights, equal employment opportunity, sex discrimination and wage inequality may have removed many of the formal barriers to women's equal participation in the public sphere, the constraints placed on women by their domestic responsibilities continue to impede women's access to the public sphere. Even though the gap between men and women's time on domestic labour is declining, the expected revolution in household work patterns has not fully taken place. As such, the domestic division of labour is a continuing political and economic problem for many women for various reasons. For one, domestic chores are unpaid and so women spend more time doing these tasks without financial reward. At the same time, the extra time women spend doing these household tasks leaves them less recreational time, which can lead to depression, resentment, and anxiety.

Naomi Wolf insists in her latest book, *Misconceptions: Truth, Lies, and the Unexpected on the Journey to Motherhood* that many new mothers develop a strategy of denial to protect themselves [and their marriages] from the resentment generated by unbalanced arrangements in their family's time and work after the birth of a baby (Wolf 2001, 233). Wolf found that resentment was common among most of the mothers she interviewed, which was expressed in "quiet ways- bitchiness, depression, sexual withdrawal, even possessiveness of the child's affections" (Ibid., 233). One new mother

shared her experience stating, "I didn't realize how it would be 'me' all the time. From bathing to feeding, I was shouldering the whole thing myself. It was like another task to pull him [my husband] into the process. I totally set up this environment where I was the primary person and he was the secondary. But he let me. And I resented it" (Ibid., 236).

Wolf suggests that women are also affected by the under-valued role of motherhood within society, insisting that, "the message you receive from your work environment about how valuable your work is to society affects your well-being psychologically" (Ibid., 209). The shortage of appropriate change-tables in public washrooms and parks ignore the needs of parents and children. She shares her own disappointment when she was often forced to change her daughter on floors of public washrooms and park benches. "It seemed obvious to me that no one who had designed a playground in our suburb had ever cared for a child" (Ibid., 209). From these personal experiences and inconveniences Wolf concluded that;

Everyday I was getting the message that the work that mothers were doing had little value: the needs of people sitting in bus shelters and municipal lobbies, I saw with amazement as I began to hobble around into the stations of my new life (motherhood) were more carefully met than were the needs of moms and kids in the places in which we gathered (Ibid., 209).

Another sign that motherhood is under-valued in society is how little Western culture adapts to the needs of nursing mothers. "In a world of rigid schedules, nursing is one of the first 'luxuries' of motherhood to have to go" (Ibid., 270).

Another observation Wolf investigates is the social demotion many women feel as they become mothers. "So many new mothers I spoke to felt, as I did, a sense of acute social demotion that came with motherhood" (Ibid., 210). Wolf experienced similar

feelings herself, "I noticed a new flippancy in relation to my time. From both men and women, young babysitters to cable installers, assumed that I had no where to go and nothing important to do. People who would never take for granted that my husband should sit around waiting for them" (Ibid., 210).

Perhaps the initiative to encourage girls to become caregivers is due to the reality that mothers are women. The different roles between men and women essentially stem from the fact that women literally give birth and so they are 'physically' affected by giving birth. A women's body endures several physical changes, which at the very least exhaust her, and in some more extreme cases physically restrict her from functioning as she did prior to the pregnancy and birth. These physical changes, although invariably worthwhile and necessary in the event of the childbirth process, can affect a woman's career and employment prospects. Women, biologically and physically, are occupied for a limited amount of time, more so than their male counterparts, due to the conditions of pregnancy and childbirth. Although men's lives also change due to the birth of a child, they do not experience the same physical changes that hinder or prevent from him from working.

The initial childcare that is necessary especially in the event of nursing are more likely fulfilled by the mother, who is also more likely the one to stay on as the primary caregiver, leaving or at least postponing outside employment. "In 1998, over 37% of women, compared to 2.9% of men, cited caring for children and other personal/family responsibilities as their reasons for leaving full time employment and choosing to work part time" (Freiler, et al. 2001, 15). Although this data does not specifically show that women are more likely to stay on as primary caregivers, a link can be made from this

statistic that more women choose to work less outside of the home due to family responsibilities than men. This evidence can be coupled with the fact that more women work in part time employment than men. "In 1999, 21.1 % of Canadian working women over the age of 25 were employed in part time jobs, compared to only 4.2 % of working men in the same age group" (DeWolff 2000, 55). A study conducted by B. Fox in 1997 looked at 10 heterosexual couples and found that, "even among couples that had never before divided domestic work along conventional gender lines, the birth of a child resulted in traditional patterns, with the woman becoming the primary caregiver and the man assuming the role of breadwinner" (Ibid., 5). Fox insists that, "although both men and women make sacrifices when they become parents, women are more likely than men to make career choices in anticipation of having children, or to change job paths because of their children" (Ibid., 5).

Susan McDaniel agrees that women are more likely to direct their job paths according to their family obligations;

Women who are 'scripted' to care for others, are less likely to plan for occupations that will allow them to support themselves and their children and, therefore more likely to end up in insecure, low-paying jobs with few benefits. Partly because of their lower position in the labour market, they are also more likely to leave paid employment if 'needed at home'. Women who lack access to decent jobs with decent wages are then judged to be 'victims of family choices, of family circumstances of their own making' (as cited in DeWolff 2000, 5).

These conditions lessen a woman's career advancement while men, on the other hand, can still advance their careers and become fathers at the same time. As Gloria Steinem insists, you seldom hear a man complaining about how he will juggle both a career and a family (1983, ii).

As the primary caregiver of the family unit, women are usually disproportionately affected in the event of divorce. As Helen Levine insists, "Family breakdown has consistently been blamed on women" (Levine 1997, 237). She argues that women's responsibility within the nuclear family is different than men as they are usually expected to exchange domestic and sexual services for economic support and at the same time, are "generally held responsible for the happiness of mate and children" (Ibid., 237). As the primary caregivers, mothers are more likely than fathers to be awarded custody of the children after a divorce. Approximately 73% of children will be awarded to their mother in the event of divorce while in 14% of cases joint custody will be awarded to both parents. In only 12% of cases will custody be awarded to the father (Statistics Canada 2000a, 36). This leaves a far greater responsibility to women in terms of raising children, one which is more challenging for post-divorce women, as the next section will show, they are usually in a weaker economic position. Even with paid child support the financial strain of providing for a household can be extremely challenging.

Although this section refers mostly to women who are mothers, most women have grown up in some form of a family unit where they would have likely witnessed and felt the dynamics of the different gender roles within families. On the other hand, the socialization process of raising girls as caregivers does affect women outside of the family unit as well. Socializing girls as caregivers increases the likelihood that woman will work in caregiving professions such as teaching, nursing, childcare, social work, cleaning, or as an assistant or secretary. Women working in these positions receive lower pay, less benefits, little respect, and lower decision-making ability.

Economic Experiences

One of the most significant differences between men and women is their economic position, in terms of financial independence and security. The socialization of women as caregivers and their role in family and society play a role in shaping women's disadvantaged economic position as women continue to be more vulnerable to poverty¹⁵ than men (Cheal, Wooley, and Lexton 1998; Lochhead and Scott 2000; National Council of Welfare 1999). The total rate of poverty among women in 2000 was 22.7%, compared with 17.5% among men (Lochead and Scott 2000, 5). In recent years, there has been an increase in poverty among young families, especially those headed by single mothers. The study "The Dynamics of Women's Poverty in Canada" by the Canadian Council on Social Development suggests that women's experience with poverty is closely related to their family and living arrangements and that the increase in the number of families raised by single mothers has a particularly negative impact. "In 1961, 11% of all families were raised by single mothers. By 1991, this number increased to 20%" (Lockhead and Scott 2000, 6). According to the 1996 Census, mothers head up 83% of all single families (Statistics Canada 2002d, 1).

These statistics are particularly problematic for women as single family households headed by women earned the lowest average annual household earnings in 2000 of any family type: \$25,000 after taxes (Lochead and Scott 2000, 19). Not only do

¹⁵ This thesis defines poverty as the measurement used by Statistics Canada's Low Income Cut-Off's (LICO's), which states that, "Individuals (women, men, and children) are said to be poor if their total family income before taxes falls below the LICO" (Lochhead and Scott 2000, 4). At the same time, Canada has no official definition of poverty and there is extensive debate among researchers and policy makers as to the appropriate measurement/definition of poverty. Statistics Canada does however recognize that, "LICO's are in wide use and are the main concept promoted by Statistics Canada for determining low income status of families"(Ibid., 4).

single mothers earn less, they are also less likely than mothers in two-parent families to be employed. "In 2001, 67% of single mothers with children less than 16 years old living at home were employed, compared with 71% of their counter parts in two-parent families" (Statistics Canada 2002a, 6). Yet in recent years, the proportion of employed single mothers has increased substantially at 16 percentage points between 1995 and 2001 (Ibid., 6). Despite the increase in employment, single mothers may not be better off financially. Cutbacks and reductions to social assistance have resulted in stricter eligibility guidelines which forces many single mothers to work outside of the home to receive benefits. Unfortunately, these women become 'working poor' in that they are not necessarily better off financially because they are employed (Lochead and Scott 2000, 21).

Young children have a great impact on the employment of single mothers. "In 2001, 46% of single mothers with children under age 3 were employed compared with 64% of mothers in two-parent families" (Ibid., 6). At the same time, among those whose youngest child was between the ages of 3 and 5, "61% of single mothers, compared to 69% of mothers in two-parent families were part of the paid labour force" (Ibid., 6). This data highlights, that mothers may be more economically vulnerable without a partner; women are more likely to be financially stable within the context of marriage, especially in the event of children.

There exists a pattern of gender difference in post-divorce economic circumstances in Canada. Part of the problem resides in the legal act of dividing property, or determining the value of assets after a divorce. As divorce usually occurs at a time when women and men are at relatively different points in their lives in terms of

their ability to become economically independent, women are more likely to suffer economically. For example, in 1998, the average duration for marriages ending in divorce is 12.5 years, and Statistics Canada indicates that the mean average age at divorce was about 38 for men and 36 for women (Statistics Canada 2000a, 53). Often a woman of 36, who has children, has not had the same career experiences as a man of 38. This is largely due to the fact that if a woman decides to have children she is more likely to be their primary caregiver having forgone career advances to care for her children.

Another contributing factor is that women biologically have a small window of opportunity for having children which is also one's prime time to build a career begins in one's twenties and thirties. As such, many women will sacrifice, or at least interrupt, their careers to start a family. According to Nancy Gibbs, "27 is the age at which a woman's chance of getting pregnant begins to decline" (2002, 83). Despite a trendy and popular belief that women can successfully have children well into their forties, this belief may not be as truthful as many women would like to believe. "At 20, the risk of miscarriage is about 9%; it doubles by 35, then it doubles again by the time a woman reaches her early 40's. At 42, 90% of a woman's eggs are abnormal; she has only a 7.8% chance of having a baby without using donor eggs" (Ibid., 83). These statistics help show that while a two year difference among the sexes at the time of divorce may not appear substantial, it is more likely that by the time a woman is 36 and a mother, she has sacrificed a great deal of time to raising her family. It is likely that she has taken time off work for family responsibilities. Her commitment to her job may be questioned and she could lose opportunities for training, networking, and promotion. As a result, her earnings are often lower and her prospects for advancement are narrower than those of a

male employee who is less likely to leave the job to care for a sick child (MacIvor 1996, 110). In 1996, "Women worked an average of 33 hours a week, compared to 42 hours for men, largely because of domestic responsibilities" (Ibid., 110).

Except in instances when the couples have already accumulated a significant amount of debt free assets, a situation which is not likely for the average couple divorcing after about twelve years of marriage, the division of assets is not usually sufficient to provide substantial financial security for either spouse. In some families, there may not be any assets for division among the spouses, making the potential to increase one's earnings even more critical. This can be especially problematic for women who have been out of the paid labour force to care for children, which is a common decision given the lack of affordable and available childcare. In 2001, there were well over one million children between the ages of 0 and 5, living with mothers who participated in the paid labour force (Early Childhood Education and Care (ECEC) 2002, 1). Assuming that the fathers of these children will not be staying home to provide childcare, there is a considerable shortage of available licensed childcare spaces given the 380,143 regulated spaces that were available (Ibid., 1). This shortage is even greater if one also considers the 303,900 children who live with a single mother, many who are also in need of regulated childcare spaces, especially since the number of single mothers working outside of the home has increased (Ibid., 1).

All of these 'career costs' mentioned are often not even recognized by family law principles of formal equality and so divorce settlements can be doubly challenging for mothers in terms of sufficient financial support. These factors contribute to the greater risk of poverty for mothers after divorce, especially since women are more likely

awarded custody of children. The average family income of single mothers in 1998 was approximately \$26,550, 65% of the average income of \$40,792 of families headed by a single father (Statistics Canada 1999, 1). Even with alimony payments women's average income is less than men's. In 1999, divorced single mothers receive approximately \$4900.00 a year in alimony payments, representing 14% of their total family income of \$33,500, while the amount of these payments on average, only represented 9% of men's total income of \$55,400 (Statistics Canada 2000a, 36). There are several reasons for this discrepancy. As previously revealed, on average women earn less than men. In addition, single fathers tend to be older, are more likely to be better educated, have more labour force experience, and have older children. As well, their careers are often established before they become single parents, and so in the event of divorce, men generally have an easier time adapting economically than women.

Another group of women who are significantly represented in poverty statistics are the elderly. Even though this group is not as dramatically represented as single mothers, they are the second largest group represented in poverty statistics. According to Lochhead and Scott, elderly women are far more susceptible to poverty than elderly men. The National Council of Welfare statistics concur and suggest that, "in 1998, unattached women, 65 and older, had one of the highest poverty rates at 39.4%" (National Council of Welfare 2002, 1). Unattached men, 65 and older had a "28.9% poverty rate in 1998" (Ibid., 13). The difference in poverty rates of elderly women and men is the most notable of any age. Relative to men, women's chances of living in persistent poverty appear to become much greater in the senior years, the period when labour participation falls, when

significant changes in family occur such as death of a spouse and when income becomes highly dependent on government income security programs.

The considerable difference in poverty rates between elderly men and women stems from a number of factors. The most significant factor is a woman's primary responsibility as the caregiver, which usually means lower wages and unpaid labour. Other factors are; gendered patterns of labour market participation, where women's positions earn lower wages under the market economy; a pension system that is tied fundamentally to labour market earnings; and life expectancy (Lochhead and Scott 2000, 9).

Employment is a key indicator of a woman's economic standing and the socialization that occurs among girls explains why women are far more likely than men to work in jobs of a caregiving nature. As mentioned in the socialization section, women who work outside of the home are heavily concentrated in a small number of occupations, most of them low paying and low status with little likelihood of advancement. Typically, these jobs are of a caregiving nature such as, teaching, nursing, childcare, and social work. These jobs are considered 'women's work' and according to Levine, women's work "Provides the economic system with cheap or unpaid labour" (1996, 46). When women work in these poorly paid, or unpaid, jobs it is referred to as the *pink-collar ghetto*. MacIvor agrees that this occupational segregation affects most women workers financially. She insists that women are, "Heavily concentrated in a small number of occupations, most of them low-paying, low-status, dead end, and stereotyped as 'female' jobs" (MacIvor 1996, 111). According to Statistics Canada, in 2000, as many as "86 % of working women work in what is classified as 'service-producing jobs'

compared to 63 % of men” (Statistics Canada 2000b, 1). On average, ‘goods-producing’ jobs, which are dominated by men, pay higher salaries and offer greater benefits. “In particular, clerical, sales, and social service jobs tend to pay considerably less than jobs in primary industries, manufacturing, and construction” (MacIvor 1996, 111).

Another aspect of employment, which affects women economically, is the overwhelming amount of part time work women do. In 1995, “71.5 % of women worked in part-time employment with less benefits, promotion, and pay, compared to 28.6 % men” (DeWolff 2000, 55). By 1999, part time work continues to be the woman’s domain as “21.1% of Canadian working women over the age of 25 were employed in part time jobs, compared to only 4.2 % of working men in the same age group” (Ibid., 55). One solution that many women with children resort to is working part time, scheduling working hours while the children are in school. Part time workers usually do the same job as full time workers, but they work fewer hours over the course of a week or a month than a full time employee normally would. The problem with part time employment is that it often leaves workers with fewer benefits than full time employment. For example, part time employees are less likely to have legislative or trade union protection which means that they could be dismissed more easily by employers, which leaves them with little, or no, job security (Broad 2000, 15). As well, hourly wage rates of part time employees in various employment in 1999 averaged only two thirds to three quarters of those of full timers (Ibid., 15). Overall, more than two in five part time employees earned less than \$7.50 per hour in 1999, while only one in ten full-time employees earn such a low wage (Ibid., 15).

A third financial disadvantage for women and labour is that a great deal of work that women do is unpaid. As shown, women are more likely to provide the majority of care for their children, elderly family members, and their husbands. One of the problems with this work is that it often remains unseen as it is undocumented, and most importantly, it is usually unpaid. In a society that attributes value to the dollar paid for a service or product, the unpaid work that women do in the home is often unrecognized and under appreciated. Yet as soon as someone outside of the family cares for children through childcare or in a day care, or someone cleans the home besides the primary caregiver of the household, these tasks are paid for. The unpaid household responsibilities of women can affect them economically and emotionally as they may feel resentful for the work that is expected of them, but more importantly, the time they spend doing these tasks prevents them from earning money elsewhere. Household tasks can be deceptively time consuming.

For women working outside of the home these domestic tasks are especially challenging since they are still more likely the main caregivers within their homes. This dual responsibility challenges most women who work outside the home, as they are also responsible for the majority of work done inside the home. It appears that women who work outside the home have greatly increased their workload; their husbands, for the most part, have gained increased income and made fewer sacrifices. These examples show that women's different life experiences, especially women who are mothers, leaves them in a weaker financial position than most men, largely due to their care-giving roles which stem from their socialization as girls.

Political Experiences

Just as women have different social and economic experiences, they differ in their relationship with the political sphere as well. These differences stem from the very foundations of politics. When examining political theory, it is apparent that women have been excluded from the origin of political thought. This is problematic for women since political theory greatly determines the nature and the essence of the political process. Even today, this exclusion makes it exceedingly difficult for women to actively participate in politics. One of the reasons for this exclusion is that political theorists have separated the 'private' domestic life and the 'public' life of politics and the marketplace, suggesting that the two spheres operate in accordance with different principles. In doing so, political theory excludes the family from what is deemed as the subject of politics. Susan Moller Okin explains, "Political theorists made closely related, and explicit claims about the nature of women and the appropriateness of excluding them from civil and political life" (1989, 8). As well, the subjects of these theories were men who were able to make the transition between domestic to public life easily, as women usually performed the necessary functions of the family, allowing men the freedom to focus on the public aspects of life. Even in contemporary political theory, the family is largely absent, which is problematic for women since ignoring the family and its division of labour ignores the economic dependency and restricted opportunities of most women. As well, political theory continues to assume that the 'individual' used to represent the basic subject of theory is male (Ibid., 1998, 9). Several feminist writers insist that the male dominance of political theory and institutions makes them uninviting to women and so it

is more likely that women are choosing not to be involved with conventional politics, rather than women being unqualified to participate under these methods (MacIvor 1996, Mahon 1985, and Townson 2000).

It can be argued that one of the results of the absence of women from political theory is that women are not as likely to hold *powerful* political positions. As women study politics in school the absence of their gender within the foundation of its theory can make it difficult for women to associate themselves with this field of study and in return any future political career or activity may be less likely. Instead, women are more likely to participate in activities that are outside the traditional political arena. This is probably one of the biggest differences among men and women politically. MacIvor addresses this difference by dividing political participation into two categories, the *mass*, and the *elite*. She defines mass politics as, "Political activities that require little time, effort, or money: voting, keeping up with political events through the media, discussing politics with friends, going to the occasional political meeting, or trying to persuade someone to support a particular party or candidate" (1996, 235). The mass category is a fairly even portrayal of both men and women politically participating in Canada. The elite category on the other hand, which MacIvor describes as, "The more time consuming and higher status activities: donating money to a party, taking an executive position in a party, running for office, sitting in a legislature" (Ibid., 1996, 235) is more represented by men. Brenda O'Neill agrees that men are still more likely to participate in the elite category as she explains that there is a "unconscious desire, on the part of many Canadians, to preserve the traditions of the political domain which was until recently only populated by men" (2002, 48).

Statistically, it is true that women are largely under represented, as only 23% of the federal cabinet is female (Fallding, O'Brien, and Samyn 2002, A7). Equally low is the percentage of women as provincial and territorial legislators at 21% (Statistics Canada 2000a). The Manitoba cabinet has the highest percentage of women across the provinces at 31 % (Fallding, O'Brien, and Samyn 2002, A7). These statistics show that not even close to half of Canadian high-ranking decision-makers are women. This under representation of women in political decision-making roles cannot be overlooked as a key factor of women's status, both socially and economically. It follows that women's different social and economic experiences lead to different political interests. An example of a different interest is childcare. Although childcare is significant for most parents, women's equality often corresponds with quality childcare and so a more comprehensive childcare system would be an interest most beneficial for women. These unique interests stand the chance of remaining absent when women are not participating fully in the political arena, representing these interests in a forum where crucial policy decisions are made. As stated at the Fourth United Nations Conference on Women, "Women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power are fundamental for the achievement of equality, development, and peace" (Sharma 1997, ii).

As a result of the exclusionary behaviour women often experience in politics, they are more likely to participate in the political process through unconventional methods such as, "local neighbourhood pressure groups, ad hoc issue movements, peace and environmental movements, protest activities" (MacIvor 1996, 228). Men, on the other

hand, are more likely to participate politically in traditional forums such as political parties (Ibid., 228). Unfortunately, traditional political science does not grant the same status to the former unconventional methods of participation as to the conventional practices of the state and its institutions. Nonetheless, this unconventional practice of politics have been very beneficial for women in terms of achieving political goals and aspirations over such issues such as abortion, drunk driving, and the environment. As well, these unconventional practices usually work well with women's lives. Many feminists argue that formal structures are inherently masculine, and therefore challenging for women to conform. Women often feel more comfortable participating in ad hoc groups than in political parties or institutionalized interest groups because they are easier to combine with childcare than more structured forms of political participation (Andrew 1984, MacIvor 1996, and Mahon 1985). It is considerably easier for women with small children to spend a few hours at a community meeting a few blocks from home than to commute to areas outside of their community. As well, although the hours required at these unconventional organizations are considerable, they are at the same time more flexible, which is ideal for a working mother.

Another reason that women tend to participate politically through unconventional methods is the gendered division that often exists in the workplace. For instance when women are more likely confined to lower paying and part time employment they are concentrated in low-status positions. The pattern of women's employment has a number of implications in their political participation. First, the members of the political elite tend to be drawn from a number of small, high-status, high-paying positions that normally require extensive formal qualifications. This is changing as more women enter

law, business, and medical schools, yet it will be some time before these numbers match those of men and from which political leaders are recruited. Second, fewer women have the connections and contact upon which political careers are built. Male lawyers and businessmen have enjoyed clubs and golf games where the necessary networks can be made. Women's exclusion from high-status jobs and from political networks can be combined to form yet a third problem for women. Due to these circumstances, women tend to lack significant social and financial capital. Not only are women paid less on average than men, which greatly limits their ability to fund their own political efforts, but their exclusion from elite networks also denies them access to monetary sources of political funds.

Simply allowing women to participate politically does not necessarily increase women's involvement. As Brenda O'Neill insists, "Having no laws or rules against women's involvement in the sphere of politics does not result in equality between men and women" (Abotsi 2001, 18). As well, the Canadian Council on Social Development found in their study "The Dynamics of Women's Poverty in Canada" that gender biases in the political formation of anti-poverty policies and programs in Canada exist and are partly to blame for the increasing number of women living in poverty (Lochhead and Scott 2000, 47). This study explains that gender bias operates in two ways:

On the one hand, anti-poverty initiatives assume that women's needs and interests are the same as men's. The current trend toward linking income support to labour market participation without regard to the circumstances of individuals in need is an example of this. In reality, most women are simply not at liberty to follow a traditional 'male path' to economic security due to barriers in the family/household as well as those in the market place. On the other hand, in those policies that do take gender into account, women tend to be exclusively defined in their roles as mothers, rather than as individuals with unique backgrounds, needs and interests. This view of women has played a powerful role historically in

defining social and economic policy in Canada and elsewhere, delimiting women's ability to make claims on the state as individuals (Ibid., 47).

The failure to recognize women's different life experiences and responsibilities for their families compounds the problem of women's poverty, as it makes it exceedingly difficult to arrive at effective solutions. Without an effective political vehicle that embraces the different life experiences of women, political equality will remain unobtainable for most women, and their interests continuously challenged.

Just as men and women tend to participate in politics differently, their opinions on particular issues can differ. Men and women hold different opinions on several political issues such as, "War and peace, nuclear power, capital punishment, and social welfare spending" (MacIvor 1996, 233). At the same time, "All women and all men do not think alike and there is a great deal of variance among the sexes as well" (Ibid., 233). However, the opinions of women are more likely to be absent or challenged as women are under represented politically.

One of the problems women face due to their different political interests is that their concerns are often marginalized as "women's issues". Mikulski, challenges the idea that women's issues should be in a separate category. She insists that, every issue is a woman's issue, "We [women] have too long been identified with single issues. A budget that gets balanced by cutting food stamps is a budget balanced on the backs of women" (as cited in MacIvor, 233). After all, foreign aid is a woman's issue as these policies affect women and children who often bear the brunt of war and security measures (Ibid., 233). Yet issues such as childcare, abortion, pay equity, and poverty,

which affect all Canadians, are continuously reduced to a separate category as *women's issues*.

One of the explanations for why decision-makers keep women's issues as a separate category is that it keeps controversial and ultimately expensive matters off the political agenda. In doing so, policy makers often trivialize woman's issues by associating them with a less powerful, politically marginalized group like women. Governments hope to justify the absence of such issues from the political agenda to focus on more serious issues such as "the serious business of running a country" (MacIvor 1996, 319). Often women who do obtain elite decision-making positions within the political arena appear to have life experiences more similar to those of their male counterparts in terms of financial resources and formal education. These women are, therefore, often an exception to the rule and may not accurately represent the majority of women's experience in the political arena.

There is an interdependent relationship among the social, economic, and political areas of women's lives. The overemphasis placed on 'caring' in the socialization process of girls greatly influences their economic and political lives. As well, women's different life experiences in these three areas reveal a unique relationship with the social sector. Socialized as caregivers women tend to work in caring professions such as nursing, home care, childcare, social work; and as the primary caregiver in the home. What is common among these caring professions is that they are on the periphery of the market place. Unfortunately, professions of a caring nature are not valued within the market place as professions such as stockbrokers, financial planners, mechanics, plumbers, technicians,

computer programming, and entrepreneurs. A larger state role is required to subsidize caring professions by redistributing resources from tax sources.

The Unique Relationship Between Women and the Social Policy Sector

As the last chapter mentioned, the Canadian welfare state is a liberal welfare state regime. This means that this welfare state relies on income-tested and needs-tested programs such as social assistance, in which eligibility is strict, benefits minimal, and recipients are often scrutinized. Nonetheless, according to Patricia Evans and Gerda Wekerle, “the policies, benefits, and services of the welfare state [social policy sector] are directly linked to women’s basic freedoms” (Evans and Wekerle eds. 1997, iii). They believe that this link represents a unique relationship between women and the social sector:¹⁶ “the welfare state employs women to deliver such services as childcare, home care, nursing, and social work. In turn, these services have meant that women can enter the paid labour force, provide for dependents, and leave abusive relationships” (Ibid., iii).

In the event of divorce women are more likely to receive full-custody. As well, divorced women are likely to be less financially sound. It is far more likely that elderly women will be *persistently* poorer than elderly men. Women on average continue to earn less than men, and they are more likely to work in part time employment with fewer benefits and pay. The types of jobs that women do are more likely to be administrative, or care-giving, in nature which typically pay less and offer less prestige and self worth

¹⁶ The term *social policy sector* is used at times in this chapter interchangeably with the term *welfare state*. At the same time, this thesis uses the term *social policy sector* more readily throughout as it encompasses more than social services and income support programs. This term includes those policies, programs, and legislation that redistribute status, rights, and opportunities (Godfrey 2002, 1). As well, this term borrows A. Orloff’s notion that, “the ease or difficulty with which women can enter paid work, the way in which the unpaid work of caring for others is treated, and the regulation of marital and family relationships are all central arenas where gender relations are constituted, and these are all influenced in significant ways by the nature and extent of state intervention” (Orloff 1993, 303-28).

than careers which involve decision making and authority. Finally, women are under represented politically compared to men as there are still fewer women in political decision making roles and *women's issues* still remain on the periphery of the political agenda.

These differences explain why women are more likely to interact with the social sector than men. Many of women's life experiences require a welfare state that provides subsidization through employment and services. Many women work as childcare workers, home care workers, nursing assistants, nurses, and social workers, all of which are sources of employment provided under the welfare state. At the same time, women are just as likely to be recipients of these social services, programs, and benefits. The unique dependency women have on the social assistance and the welfare state is shown by the significant role transfer payments play in women's average yearly income. Transfer payments include Employment Insurance, Old Age Security, Canada and Quebec Pension Plans, Guaranteed Income Supplements, Spouse's Allowance, Child Tax Benefit, other child credits or allowances, welfare from provincial and territorial tax credits, workers' compensation benefits, GST/HST credits, and other government transfer (National Council of Welfare 2002, 2). According to the National Council of Welfare, in 1998 government programs of one kind or another provided half of the total income for single mothers under 65 with children under 18, and unattached women 65 and older. "A single mother with children under 18, relied on the government for a total of 67% of the overall income in 1998" (Ibid., 38). "Unattached women 65 and older, relied on the government for a total of 91% of the over all yearly income, in 1998" (Ibid., 38). These

statistics show that women in these two categories require the assistance of the state to generate a considerable amount of their overall annual income.

The unique relationship between women and the social sector explains why changes to the social sector will inevitably affect women's lives disproportionately. At the same time, the policies, services, and benefits of the welfare state frequently "incorporate significant, though implicit assumptions about gender roles" (Evans and Wekerle eds., 1997, 4). An example of this is revealed in the services allotted to the care of the elderly, which depend on assumptions about women's availability, and obligation, to care. Gender assumptions are also found within the context of social assistance benefits for single mothers. Whether single mothers are viewed primarily as 'workers' or 'mothers' will influence the terms and conditions of their benefits.

As mentioned in the last chapter the current political climate is characterized by recessions, growing concerns about global competition, the restructuring of the labour market, and most importantly, the cutting of social spending as the dominant solution to the problem of the deficit. It is difficult for the welfare state to sustain itself, as it relies on tax revenues and government subsidies during a time when governments are reducing social spending to fulfill their obligations to the global economy and the privileged business sector. As many women work in professions that require subsidies from the state and as many women require services that are provided through the assistance of the state, a great deal of women's lives are beyond, or lay outside of the market place. At a time when the political climate is especially market focused, women stand to be affected disproportionately.

Although it appears as though the welfare state is most beneficial to women and therefore crucial that it be sustained, the welfare state can also be a detriment to women. The services and the policies of the welfare state do not simply reproduce the problematic gender assumptions that are held, they also serve to actively shape gender relations as they help or hinder women to enter the paid labour market, exit abusive relationships, obtain regulated childcare, raise children as a single parent, and provide care to dependent family members, young and old. Thus although the social policy sector is challenged under the current political climate, which can be particularly harmful for women, it is recognized that a co-dependent, or paternalistic, relationship exists among many women and the state.

CHAPTER THREE: WOMEN AND CHILDCARE

This thesis has shown that the current political climate challenges social policy largely due to an increased support for business, a shift towards individualism, a growing desire for minimal government, and reduced social spending. As well, it has examined women's different life experiences revealing a subsequently unique relationship with the social policy sector, via the state. Ultimately when the social policy sector is challenged, women who rely on this sector are equally challenged. As women are more likely to participate in the social policy sector as both providers and recipients of services they are more likely to be affected by reductions to social services, funding, and programs. The extent to which women are disproportionately affected by the current political climate is revealed under Canada's childcare issue. Childcare provides an example of how the current climate restricts the adoption of policies that could help women. Not only has the current climate resulted in a reduction of social services, it has also meant that new services are unlikely to be put in place.

The following chapter consists of two parts. First, childcare is examined in terms of its effectiveness, or ineffectiveness for women, within the context of the current political climate. As this social issue is a highly complex one, definitions and policy background, updates, and prescriptions are included in the discussion to show how the current climate hinders a comprehensive childcare system. *Comprehensive* means that a childcare system is effective in meeting the needs and expectations of women. A comprehensive childcare system is separate from a *national* childcare system, even though a national childcare system would likely be comprehensive in that it would be a more effective system, but moreover a national childcare system means that the federal

government would institute national standards and funding to ensure a universal form of childcare available to all Canadians no matter what they earn, or where they live. Thus the terms *comprehensive* and *national* will be used interchangeably when referring to an, 'ideal' childcare system/policy/strategy. Next this chapter links the childcare issue to the overall argument of the thesis showing that women are disproportionately effected by the lack of a comprehensive childcare system, due to the current political climate. As discussed, the current political climate reveals a reduced federal role in many areas of social policy, particularly regarding childcare initiatives. Although many childcare advocates insist that Canada has yet to enjoy a successful childcare policy, the current political climate makes it even more unlikely that Canada will enjoy a comprehensive, or national childcare policy anytime soon. There are many drawbacks to the absence of a national or comprehensive childcare system including unregulated care, underpaid childcare workers, shortage of childcare spaces, low quality care for low income families, and lack of early childhood development. These drawbacks will be examined in greater detail to show two things; one that these concerns are often absent in the political arena and two, that these concerns affect women specifically.

Once these two arguments are made, first that the current political climate affects childcare, and second that women are particularly affected by the lack of a comprehensive, national childcare system, a link to the overall argument of the thesis is strengthened, showing that in fact the current political climate affects women disproportionately.

Part One: Childcare under the current political climate

Defining Childcare

There are several different meanings, beliefs, and assumptions behind the term *childcare*. In 1988, the Canadian National Child Care Study defined childcare as “any form of care... while parents were engaged in paid or unpaid work, study, or other personal or social activities...” (Friendly 2000, 7). The term has shifted since then in that it is not completely linked to parent’s activities. A new definition focuses on early childhood education as an essential element for healthy development. Instead of a definition that was restricted to children with working parents, or advantaged children whose parents want to provide enhanced developmental opportunities, a new definition has evolved that includes poor children, children with disabilities, children from single mother families where the mother is in a training program or school, and children who are considered to be at risk (Ibid., 7). A UNICEF report on education relies on this new emphasis towards early child development insisting that, “childcare and early education are inseparable” (Ibid., 7). For the purposes of this thesis the term childcare is interchangeable with day care, preschool, nursery school, early childhood education, parent care, and non-parent care as childcare is somewhat of an umbrella term in that all areas of caring for children under the age of eighteen are more diverse and flexible than ever. As well, family home daycare or family childcare providers is a term for licensed care which is provided by a single caregiver (or on occasion a team of two caregivers) in their home. This care is usually for provided for children between the ages of 4-8, or children ages 8-16 in a two-person team. Family homecare or private home care is part

of the regulated, licensed childcare system. A comprehensive definition of childcare that incorporates each of these meanings is required as all aspects of this issue are important to the advancement of women and their equality.

Another distinction needs to be made when discussing childcare regarding *regulated* (licensed) care and *non-regulated* (unlicensed) care. 'Regulated spaces', according to the current Liberal government of Canada, provide a place for a child up to age 12 to be cared for outside of their home, for a full or part day, with quality standards monitored by government or an authorized agency (The Liberal Party 1993, 39). One should not assume, however, that childcare in Canada that is not regulated is necessarily of a poorer quality, but simply that care outside of government regulations is non-standardized. At the same time, regulated care is considered by childcare experts and advocates, as the optimal choice in care as regulated care meets standards that ensure and promote quality care, ideally within a national childcare initiative.

The Responsibility of Childcare

In terms of fiscal support, childcare in Canada is not *exactly* a public responsibility. This means that childcare services are not provided directly by the government. Individual Canadians are expected to meet their childcare needs through the private market place. Only for a brief period during the Second World War, when women were needed to work outside of the home due to high labour shortages, did governments provide public childcare services for these working mothers. Another exception is that governments provide assistance for low-income families who cannot afford childcare and who meet the eligibility requirements. In these circumstances,

childcare is a provincial responsibility, in terms of assessing need and implementing programs. Yet, even though the provinces currently retain constitutional control over the delivery of this service, the federal government has the constitutional capacity to use its spending power to underwrite the provision of provincial-subsidized childcare (Timpson 2001, 4). The most pertinent attribute of current childcare in Canada is that it remains absent from the public sphere and therefore outside of the welfare state, unlike comparable social programs such as education and healthcare. The absence of a public, universal, national childcare system hinders the equality of women directly. The failure to achieve a publicly funded, universal childcare system at the national level for the last fifty years is disheartening for women and under the context of the current political climate, it appears unlikely that such a system will be adopted anytime soon.

The Ineffectiveness of the Current Childcare System

Many childcare advocates, specialists, and citizens believe that the current childcare system is simply unacceptable. According to Linda White, "Compared to other social and family policies, Canada suffers a dearth of childcare. Levels of program development, both federally and provincially, are quite paltry, and levels of government spending are low even compared to the United States" (White 2002, 105). Annis May Timpson, long time childcare advocate and author of *Driven Apart: Women's Employment, Equality, and Childcare in Canadian Public Policy*, agrees that the federal government has not done enough to develop and promote policies towards a public childcare system, which is essential to enhancing women's employment opportunities and hence equality (Timpson 2001, 5). Martha Friendly, on behalf of the Childcare

Resource and Research Unit for the Centre for Urban and Community Studies at the University of Toronto, insists that Canada does not provide adequate childcare and early childhood education, which is not greatly disputed. She believes that “Canadian childcare is as characterized by inadequacy, fragmentation, and incoherence, as it was two decades ago” (Friendly 2000, 5).

An overwhelming amount of Canadians believe that the federal government should take greater responsibility for childcare as shown by an Angus Reid poll in 1999 for the *Globe and Mail*'s special feature on *Family Matters*. Seventy-eight percent supported the initiative of “Setting up an inexpensive childcare system open to all families who want it” (McIlroy 1999, A4). The same poll found that 56 percent of Canadians agreed with the statement: “The state of the family today is a national crisis and the government must take steps to alleviate that crisis” (Mitchell 1999, A7). Another public opinion poll conducted by Human Resources Development Canada in 1998 found that “88 percent of Canadians polled said that they strongly agreed with more government support for a childcare program” (Friendly 2000, 36). These statistics show that the vast majority of Canadians believe that the government needs to take a larger responsibility regarding childcare.

Most experts agree that multiple problems bedevil the current childcare system including: lack of regulated childcare spaces, increasingly expensive regulated childcare spaces, poorly paid childcare workers, not enough flexibility in terms of types of care and availability of care for evenings and weekends, ineffective and insufficient tax measures for childcare, reduced childcare spending, and finally, a fragmented childcare system.

Lack of Regulated Childcare Spaces

Childcare services are “short in supply” according to Martha Friendly (Friendly 2000, 6). She states that, “in 2000 approximately 12 percent of parents who needed childcare services to participate in the labour force received care” (Ibid., 6). As mentioned in the previous chapter, in 2001 there were 2,090,600 children in Canada between the ages of 0-5, and over half of these children live with mothers who work in the labour force (Campaign 2000 2002, 1). Yet there are only 380,143 regulated childcare spaces available (Ibid., 1). This means that less than half of these children have a regulated childcare space. “In 2001, approximately 80 percent of children are in some form of unregulated, informal childcare and this applies to pre-school and young school-aged children” (Mahon, 2001, 11). The shortage of regulated childcare spaces can be especially problematic for single parents, particularly single mothers. There were 303,900 children living with single mothers in 2001, which means that most of these single parents may also not be able to find a regulated childcare space. As single parents are more often women, coupled with the fact that women are also more likely to earn less and work in part-time employment, it follows that single mothers are more likely to require financial assistance for childcare. One of the provisions of assistance for childcare is that it is *regulated* care. This provision can be troubling for single mothers who cannot find an available childcare space, which is high probability at this time due to the shortage of regulated childcare spaces.

A lack of regulated childcare spaces raises some concerns. One drawback is that parents are forced to find alternatives to regulated care, taking a risk that this care is not

protected by regulations and principles to ensure safety and quality care. As well, unregulated care provides no regulation in terms of salaries and benefits for childcare workers. Childcare workers are often underpaid, and without regulations to ensure appropriate wages and benefits, can be exploited, or at the very least undervalued which makes a difficult occupation even more challenging.

The shortage of childcare spaces is so extreme in Canada that Rianne Mahon, Director at the Institute of Political Economy for Carleton University, insists that Canada is actually experiencing a “care crisis”. She cites three reasons for this crisis. One, the decline of the male breadwinner family norm that formed the foundations of post war social policies; Two, the looming ‘population replacement crisis’; and Three, the emergence of the ‘knowledge based economy’ (Mahon 2001, 5). Under the male breadwinner model, social policies were based on factors that would impede the male breadwinner. Factors such as unemployment, illness, industrial accident, and retirement would hinder his capacity to support himself and his dependents. At the same time, this model assumed the “domestic presence of a housewife and her capacities to provide primary care for young children, the elderly, the injured, and the sick” (Ibid., 5). This model is ineffective today as women have entered the labour force in unprecedented numbers. However, governments still assume that women continue to provide care in the home resulting in a “care crisis” as most women work outside of the home today, whether they are in dual or single-parent families, and whether or not they have children of their own. This caring crisis, “intersects with two other developments to underline the importance of child policies: the demographic imbalance which Canada and most other OECD countries increasingly face and the demands of the emergent knowledge based

economy” (Ibid., 5). The falling birthrate, from 4 points during the baby-boom era to 1.6 points at the end of the 20th century, raises the questions of who will care for the rising elderly population and who will finance pensions given weak population growth (Ibid., 5).

And finally, Denis St. Martin argues that promoting Canada’s competitiveness within a ‘knowledge based economy’ requires recognizing the need to invest in Canada’s children (as cited in Mahon 2001, 5). He believes that “investing in children is as much a part of the social investment state as large grants to promote the development of the high technological sector” (Ibid., 5). Unless policies begin to address this crisis in care, society will inevitably begin to feel the repercussions. Comparatively, Canada is behind many OECD countries in the provision of childcare and preschool. “In Canada, only 5 percent of three year olds participate in preschool, compared with nearly 100 percent in countries such as Belgium, France, Italy, Iceland, and New Zealand” (Godfrey 2002, 1).

Expensive Childcare

The cost of regulated childcare has increased over the last decade to such an extent that dual-income families can find the cost of childcare prohibitive. As such, the cost of childcare is particularly high for single parent households. “From 1991 to 1998, the average cost in daycare centres rose 12.5 percent for infant care, 20.3 percent for toddler care, and 18.9 percent for pre-school care” (Statistics Canada 2002e, 2). Childcare expenses accounted for 4.6 percent of the overall budget of those households that did spend on childcare in 1999, up from 3.5 percent in 1986 (Ibid., 2). Daycare centres were by far the most costly to households, charging “households \$2,515 on

average in 1999, almost twice the average of \$1,306 spent on childcare in the home” (Ibid., 2). Ontario pays the highest median monthly fees for full-time, centre-based care. “In 1999, the average annual household bill for centre care is \$3,110” (Ibid., 2), which is \$595 dollars more than the national average, of \$2,515. Quebec pays the lowest at \$5 dollars a day. “The domestic consumer market for childcare services surpassed \$3.5 billion, in 1999. More than two thirds of this household spending towards childcare services was in Ontario and Quebec” (Ibid., 2). At the national level, “about 13 percent of households, or about one in eight paid for childcare services at some point in 1999” (2).

Despite that challenges that many families face to afford childcare, the eligibility criteria to receive assistance is quite restrictive and limiting. Eligibility for fee subsidies in childcare is restricted to families whose income falls below a specific threshold set by the provinces. Usually subsidies are available for parents who are participating in government-mandated employment training programs, or in some provinces, for children deemed to be at risk due to family circumstances. The number of Canadians needing assistance for childcare is fairly significant. “In 1999, 71.6 percent of family childcare providers reported that they were providing care for at least one subsidized child and the Canadian average was 2.3 subsidized children in each home” (Doherty and Friendly 2002, 9).

Many childcare centres also rely on government subsidies. Data from the *You Bet I Care!*¹⁷ Report on childcare shows that most childcare centres’ reliance of fee subsidies

¹⁷ The *You Bet I Care!* (YBIC) project is the largest and most comprehensive childcare study carried out in Canada. This project was funded by the Child Care Visions program, under the Human Resource Development Canada, and includes three studies. The first study examined wages and working conditions and practices in childcare centres. The second study looked at the quality of childcare in six provinces and

has increased from 1991 to 1998 in six of the ten provinces (Doherty and Friendly 2002, 8). “Such reliance has increased by 14 percent in Alberta and 12 percent in New Brunswick, two provinces that substantially reduced or eliminated government operating grants during the time in question” (Ibid., 9). The increased reliance on subsidies is also revealed in that in 1998, “*YBIC* data showed that 38 percent of childcare centres in Canada reported that the continued financial stability of their center had been one of the most pressing issues faced by the centre in the previous 12 months” (Ibid., 9). Without greater financial support from governments, it is unlikely that childcare costs will decrease.

Poorly Paid Childcare Workers

Despite gains in the late 1990’s, the average regulated childcare employee earned “\$20,600 in 2000, well below the \$34,000 average in the rest of the work force” (Statistics Canada 2002e, 3). The exceptionally low salaries of childcare workers challenges the overall quality of childcare and often results in a high staff turnover rate. “Canadian childcare in all jurisdictions has, for some years, been facing a staffing crisis in both centres and family childcare homes and recruitment difficulties in both settings” (Doherty and Friendly 2002, 4). In 1998, *YBIC* data revealed that the Canada-wide annual turnover rate of centre teaching staff was 21.7 percent with the rate considerably higher in some provinces such as Alberta at 44.8 percent, and Saskatchewan at 32.2 percent (Ibid., 4). The *YBIC* study also revealed that although comparable turnover data is not available for family childcare providers, data did show that recruiting an adequate

one territory; and the third study collected data on regulated family childcare homes. These three studies involved 1,082 childcare centres, 5,451 centre teaching staff, 231 regulated family childcare providers, and 24 family childcare agencies (Doherty and Friendly 2002, 1).

number of family childcare providers is a major issue for all family childcare agencies and turnover rates are a concern for 42 percent of them (Ibid., 4). A high turnover rate is troubling because it interrupts the continuity of a relationship between the caregiver and child and it means that centres are constantly recruiting new staff which is very time consuming and emotionally distressing for both the children and staff. Doherty and Friendly also suggest that high turnover rates are a predictor of lower program quality, lower wages and fewer benefits (Ibid., 4).

Although figures documenting a reduction in childcare wages nationally are not available, there are provincial statistics that show significant wage decreases. For instance, the province of Manitoba has suffered the worst decline in Canada as its 'real' wages for childcare workers dropped between, "9-12 percent between 1991 and 1998" (Childcare Coalition of Manitoba 2001, 6). The increasingly low pay of childcare workers represents an invisible subsidy to the service and poor wages hinder the quality of childcare services. In 2000, "40 percent of Manitoba's childcare centres operated without the minimum numbers of trained staff and these low wages and stressed conditions also explain the annual 20 percent turn-over rate of childcare workers" (Beauvais and Jenson 2001, 1). Even though most early childcare workers have post-secondary education, these low wages mean that some of these workers are living in poverty or at least close to it, earning the same as Manitoba's parking attendants (Ibid., 2001). This is especially problematic for women who are more likely to be employed as childcare workers. As well, the low wages usually afforded to childcare workers reveals the little worth society places on such a worthwhile and vital field. These low wages represent the tradition of women's work being significantly undervalued.

Inflexible Childcare Hours

It can be especially difficult to find childcare for non-traditional times such as evenings, over-nights and weekends, especially in 'regulated' childcare spaces. Most daycare centres offer traditional hours of care, 7am to 7pm, and are not available for evenings, over-nights, or weekends. It is easier to find childcare centres in urban areas that coincide with unconventional hours, but it is highly unlikely to find regulated childcare centres within rural areas to offer this service. As mentioned in the last chapter, women are more likely to work part time which often entails shift work in the evenings and weekends, and so a childcare centre that offers care during these times would be most beneficial to these women. Also mentioned was that women are more likely to work in caring professions which usually involve shift work, and so these women would also benefit from more flexible childcare hours. As Susan Prentice stated that, "women workers often have a non-traditional work week" in that "40 percent of their work is during irregular hours" (Prentice 1999, 140).

Tax Measures for Childcare

Currently, the federal government prefers to fund childcare through tax expenditures. This spending preference is not well received by most childcare advocates due to the overly strict requirements for eligibility, the promotion of class division, preferential treatment given to two working parents, promotion of non-regulated childcare, and fewer choices available to parents. Additionally, these tax benefits are often unobtainable benefits, as they require payments for childcare services up-front,

which, makes the service inaccessible to some parents. As such, Susan Prentice insists that, “the federal choice to avoid direct spending on childcare services and to orient tax benefits to working poor families intensifies the market relations of childcare” (Prentice 1999, 150). She explains that, “one of the concerns is that it fails to distinguish between licensed care and unregulated care, and so it fails to discriminate between quality care and insufficient care” (Ibid., 143).

Probably the biggest problem with the current tax system is that it fails to fund childcare services ‘directly’. As a result, the current system cannot effectively address the problems of accessibility, affordability, and quality in childcare. Nonetheless, tax measures are the preferred national option. “The federal government is estimated to spend \$741 million annually through the tax system, compared to only \$346 million in direct service and fee subsidies” (Ibid., 143). One of the benefits of governments funding childcare indirectly through the tax system is that it permits governments to appear to be supporting family ‘choices’ and so it evades the political cost that governments could face by promoting out-of-home care for children (Ibid., 143). However, when examined more closely, this system falls short of ensuring that Canadians are receiving quality care that is both affordable and accessible to them.

The following tables outline various federal childcare and related programs; and federal reports and statements put forward on childcare from the 1960’s to the present, to provide a concise account of the significant attempts made towards childcare on behalf of the government of Canada.

Table 3:1: Major Federal Childcare and Related Programs

Canada Assistance Plan (CAP)	1966–96
Family Allowances	1944–93
Child Tax Benefit (CTB)/ Canada Child Tax Benefit (CCTB)	1993–present
National Child Benefit (NCB)	1998–present
Child Care Expense Deduction (CCED)	1972–present
Maternity Leave	1971–present
Parental Leave	1990–present

Source: White 2002, 107.

Table 3:2: Major Federal Statements and Reports on Childcare

Royal Commission on the Status of Women	1970
Royal Commission on Equality in Employment	1984
Cooke Task Force Report on Child Care	1987
Report of the Special Committee on Child Care	1988
Liberal Party of Canada Red Book	1993

Source: White 2002, 107.

Under the Child Care Expense Deduction (CCED), which has been in existence since 1972, the federal government compensates parents in the labour force for their

childcare expenses by giving them an income tax deduction (White 2002, 107).

According to Finance Canada, "The federal government spent \$520 million on the CCED in 2000" (Finance Canada 2000). There are a few drawbacks to claiming this tax deduction. For one, the government requires parents to provide receipts for their childcare services to claim the CCED; many caregivers, however, do not issue receipts so that they can avoid paying income taxes. Caregivers likely refuse these receipts because they earn so little in the first place, and paying income tax on top of their low salary would hardly make this job financially worthwhile. Another drawback of the CCED is that two-parent families with only one parent in the labour force cannot claim this deduction. Thus when childcare is provided by someone outside of the home, or by someone outside of the family unit, childcare can be subsidized. However if childcare is provided by a member of the immediate family, in most cases by the woman, she is expected to do this without pay. This contributes to the problem of unpaid labour for women and it makes the choice for both parents to work more appealing financially, which challenges the choice of having one parent stay home to raise their children.

In 1993 the federal government employed a Child Tax Benefit (CTB) program in addition to the CCED, which replaced both family allowance and the child tax credit. This program changed again and became the Canada Child Tax Benefit (CCTB) in 1998. The CCTB is the federal government's largest expenditure for a single social program. In 2000, the government spent approximately \$7 billion on this program (White 2002, 108). Under the CCTB there are two elements; the base benefit and the National Child Benefit (NCB). The base benefit is a tax-free, income tested monthly payment for children under the age of 18. An additional source of assistance for low-income families

is available under the NCB. The NCB program, introduced in 1998, combines several other programs such as, "Cash benefits, childcare, early childhood intervention programs such as, nutrition programs, prenatal screening, and youth recreation programs and supplementary health benefits, such as, prescription drug coverage, and dental and vision care for children of low-income working families" (HRDC 1999, 6). Although the NCB is a joint federal, provincial, and territorial child poverty program, it is linked with the Canada Child Tax Benefit (CCTB) (White 2002, 107). As such these programs that rely on tax measures may appear to be beneficial to childcare, however under closer scrutiny it becomes obvious that the actual amount of money spent on childcare is more difficult to ascertain and that although some of this funding can reduce childcare costs, the tax expenditure program does not fund childcare directly. Although funds may be directed towards childcare, there are no regulations in place to ensure that funds will be used towards childcare.

This trend towards tax benefits for federal childcare spending is expected to increase, replacing direct support for childcare. The 2000 budget announced plans to expand the CCTB by \$2.5 billion over four years, with \$850 million spent on the NCB for low-income families (White 2002, 108). By 2004, the maximum benefit for the first child will be \$2,400, almost \$600 more than what is currently offered. The maximum benefit for a second child will be \$2,200 (Ibid., 108). In 2004, the federal government will raise the cut-off income rate to \$90,000, which is twenty thousand more than in the year 2000, and low-income cut-offs to \$35,000 (Finance Canada 2000). Although the CCTB is intended to increase in the years to follow, more money will be spent on tax benefits instead of direct program development. Childcare is affected since it is more

difficult to document the amount of money the federal government spends on actual childcare, and this tax targeted approach removes or at the least challenges the universality of childcare in Canada.

In addition to the CCTB, the federal government expanded parental leave under the Employment Insurance (EI) program in 2000. As of January 1, 2001, the leave period was extended to 35 weeks (White 2002, 108). The government also eliminated the loss of pay for fathers who take parental leave for two weeks and weakened the eligibility of maternity leave. These adjustments cost an estimated \$900 million on top of the \$1.2 billion in maternity and parental benefits under the EI program (Ibid., 108). Although this process allows government to appear as though they are supporting families and their childcare needs and choices without committing themselves to any one moral position, this option is not necessarily in the interest of childcare. One of the main concerns of the regressive tax deduction is that it disproportionately benefits those with high-incomes compared to those with lower-income bases. Even though low-income families can qualify for subsidization, for childcare this assistance can be extremely low. For example in Manitoba, where the GDP per capita is approximately \$30,000, a sole-support parent with one infant must pay the full fee of as much as \$6,500 a year if their income is over \$24,369 (Prentice 1999, 139). This is a significant portion of one's over all income. Another concern is that even though there are many families that qualify for this subsidy, many provinces do not have the spaces to provide the appropriate assistance. Manitoba, for instance, can only provide this assistance for 8,600 cases, leaving many low-income parents vulnerable (Ibid., 139). The problem is that the families who rely on this assistance are at the whim of a continuously reduced welfare state, where the erosion of

social assistance and social programs is the norm. Another concern for low-income parents is that greater restrictions are placed on parents who need assistance with childcare; for instance, single-mothers in some provinces must enter the paid labour force as soon as their youngest child turns four in order to continue to receive benefits. Such stipulations reinforce class division and discriminate against single parents as maximum benefits can only be awarded if income exceeds \$90,000 per year (Ibid., 139). This high-income level is especially challenging for single parents, particularly for single mothers who continue to earn less and who likely need assistance for childcare the most.

Yet another drawback of the extended parental leave is that it is only available and therefore beneficial to women who participate in the labour force. Women who are enrolled in education or training programs full time do not receive this benefit and women who are already home with children and out of the work force do not receive any benefit. Also, teenage mothers who have not yet participated full time in the labour force are ineligible for the benefit.

Reduced Federal Funding for Childcare

To begin with, federal spending¹⁸ on childcare is relatively low in comparison to other OECD countries. Prior to the elimination of the Canadian Assistance Plan (CAP) in the early 1990's, the federal government spent approximately \$724 million per year on childcare, which was less than 1 percent of the Gross Domestic Product (GDP) (HRDC 1994a: 16-18; 1994b: 5-6). Denmark, on the other hand, spends around 1.2 percent of

¹⁸ The Child Tax Benefit, which totalled \$5.1 billion, is not included in this federal spending total as these funds are not exclusively for childcare (White 2002, 106). The maternity and parental leave benefits are also not included in the amount as this \$1.3 billion is not spent exclusively on childcare (Ibid., 106).

their GDP on childcare, and Sweden allocates approximately 2 percent of GDP to services for childcare (European Commission Network 1995).

Although governments have reduced childcare funding through tax measures as mentioned, likely the most significant reduction in funding for direct childcare is due to reduced federal transfers to the provinces. While some provinces, British Columbia, Quebec, and Manitoba have increased their spending towards childcare, other provinces such as Alberta and Ontario have reduced theirs (Prentice 1999, 144). At the very least, part of the reason some provinces have reduced their childcare funding, or at least been able to justify reducing their childcare spending, is due to the decreases in federal transfers to the provinces for social programs.

The 1995 federal budget is often referred to as the turning point of social spending in Canada. As such, the Caledon Institute described the 1995 federal budget as “the most profound change to social policy since Canada constructed its social security system in the 1950s, 1960s, and the 1970s” (Friendly 2000, 17). The institute also insisted that, “Mr. Martin’s social security reform went well beyond any options that had been publicly discussed or even considered as part of Mr. Axworthy’s Social Security Review and that the CHST gives license to the federal government to get out of the health and welfare business” (Ibid., 17).

There were two major issues on which the 1995 federal budget focused. The first was, “fiscal anxieties related to the debt and deficit” and the second, “tension about the possible separation of Quebec” (Friendly 2000, 16). The former issue is most pertinent to this thesis as Ottawa’s reaction was to reduce its spending by downsizing the public service, and downloading the costs of government programs and services through

privatization (Ibid., 16). As such, the 1995 federal budget, “made massive cuts in transfer payments to provinces and terminated the nation’s last conditional cost-shared program, the Canadian Assistance Plan (CAP)” (Ibid., 16). Chapter two discussed the introduction the Canadian Health and Social Transfer (CHST) as a new block-fund, created to encompass federal funds for health, social welfare, and post-secondary education. The CHST represents a shift in the nature of federal funding towards social spending from a cost-shared program to a block-fund, which greatly concerned many social policy experts, and in particular, childcare advocates. Supporters of childcare were apprehensive because the entire federal funds allocated for regulated childcare were within the CAP. Under the new CHST, childcare advocates were concerned that spending cuts, together with combining health, education, and social transfers into one block-fund would likely mean that the provinces would choose to spend the majority of the transfer payment on the highly valued and publicly popular health care services. As Linda White suggests, the CHST “constrained provincial governments from developing their own programs and eliminated the explicit funding for childcare programs that existed under the CAP” (White 2002, 111). Under CAP funds were earmarked for childcare in that monies paid towards childcare from provincial governments were matched by the federal government. Another drawback of the CHST is that its ambivalence makes it exceedingly difficult to determine the federal childcare spending levels since 1996. In comparison, the CAP was conditional in that the federal government would match every dollar the province spent on childcare, which childcare advocates believe encouraged social spending for childcare.

By 1997, the ramifications of the 1995 federal budget were being felt. A study carried out for the Status of Women in 1997 suggests that, “even at this early stage of devolution, downsizing, and decentralization, childcare services across Canada were already feeling the effects of the changes” (Doherty et al. 1998, 36). The following was revealed about childcare in the 1997 study,

“diminishing affordability, and availability of regulated childcare, that a majority of provinces had reduced, frozen, or stopped program funding to services (which was often tied to staff wages), that parent fees had risen in relation to family incomes while subsidies for low income families failed to keep pace with costs, that inability to cover their operating costs meant that childcare programs had closed or were not staffing spaces” (Friendly 2000, 21).

Several childcare advocates believe that this shift in federal funding seriously challenges the implementation of a national childcare system (Doherty et al., 1998, Friendly 2000, Mahon 2001, Prentice 1999, and White 2002). As Martha Friendly pointed out, “for childcare, this [CHST] quite clearly meant the end of the vision of a national childcare program like Medicare with national principles, portability among provinces, and federal funding” (Friendly 2000, 17).

A Fragmented Childcare System

According to Martha Friendly, “Every aspect of early childhood education and childcare varies widely across Canada’s provinces and territories; the range of services offered, eligibility, funding, statutory requirements for their provision, monitoring and enforcement of standards- and there may be almost as much range with provinces as there is among them” (Friendly 2000, 6). One may suggest that this variety is an appropriate response to regional diversity in community needs; Friendly insists, however, that the

opposite is true. She believes that, “childcare in Canada has been developed so incoherently that although each province and territory has a tangle of programs, only a small minority of children and families has access to the services they need or that their parents want” (Ibid., 6). Although federalism as allowed for regional units to apply different philosophies of public policy, and as a result some provinces have successfully developed successful childcare systems such as the current system in Quebec, this method of federalism does little to ensure that all Canadians can experience the benefits of a childcare system such as the one established by the provincial government of Quebec.

There are a few common characteristics regarding childcare within the provinces. In terms of subsidies provided to childcare services on behalf of low-income parents who need childcare, all provinces comply. Most provinces also require that these services be regulated as either family daycare, or centre-based care (White 2002, 105). Aside from these similarities, provincial programs for childcare are varied and separate from any national standards. For instance, fees for childcare as well as costs of childcare vary substantially from province to province. “Average parent fees in 1995 for a three year old range from a high of \$753/month in Ontario to a low of \$358 in Saskatchewan” (Prentice 1999, 139). Regulations vary from province to province in that “one in seven of Prince Edward Island’s (PEI) children has access to a regulated childcare space” while in Saskatchewan, “the ratio is one in twenty seven” (Prentice 1999, 139). As for staff to child ratios, eight children (two year olds) to one childcare worker exist in daycare centres in Quebec, while the similar ratio in British Columbia (BC) day care centres is four children to one caregiver (Ibid., 139).

There also exists great variation in programs across the provinces. British Columbia, in 2000, introduced plans to implement a universal day care program for the beginning of 2001. "Before and after school care for 6 to 12 year olds will be subsidized with parents paying about \$7 dollars per day" (White 2002, 106). Low-income families were also promised to receive additional subsidies and the BC government committed \$14 million in the 2000 budget to provide these services (Ibid., 106). As of April 2003, the BC government introduced its "new child care capital funding program" which will provide \$2.5 million dollars to childcare centres, compared with \$1.5 million last year" (British Columbia 2003a, 1). This new program is part of the provincial government's Long Term Child Care Strategy that will increase the number of childcare spaces eligible for operating funding from 45,000 to 70, 000 (Ibid., 1). In addition, more families will receive childcare subsidies in BC. "The income threshold at which parents can receive the childcare subsidy will be raised by \$100 starting in May. Three thousand more children will be eligible for the subsidy. Another 6,000 children will see an increase in their funding" (British Columbia 2003b, 1).

In contrast to British Columbia, Ontario favours a more targeted approach for childcare programs. The childcare system in Ontario provides, "school help, childcare, and home visits for families and children in economically disadvantaged communities" (Ibid., 106). Childcare in Ontario is a considerable part of the Ontario Works program, which highly influences individuals to enter paid employment, although according to Linda White, "independent auditing has found that the number of spaces is inadequate to allow parents to participate in the program" (Ibid., 106). Despite former premier Mike

Harris' promise to expand early childhood development programs, childcare programs continue to be ineffective in Ontario.

Although most provinces do not have a universal program for childcare, it is possible to offer an alternative. Quebec offers the most promising *universal* childcare model in Canada so far. In 1997 Quebec introduced a universal, five-dollars a-day childcare program with "intentions to expand the age group included in the program, beginning with four year olds" (Prentice 1999, 151). By September 1, 1999, children two and three years old were provided access to the \$5 dollar-a-day childcare as well at least theoretically, since the demand exceeds subsidized spaces. In 2000, this childcare program became universal and included all children from birth to twelve years of age. As such, all children in Quebec are eligible regardless of where they live or what their parents earn, or whether their parents work outside or inside the home. As well, Quebec has decided to eliminate all funding for commercial for-profit childcare centres. This program has been well received and its popularity is shown in the difficulty many parents have in finding spaces for their children. Thus, a subsidy system for low-income families and the tax credit disappeared in favour of low cost, regulated childcare (Picard 1999, A1). Middle class families come out about \$2,600 ahead for each child annually (Ibid., A8). This childcare program is non-profit and parent controlled and the provincial government has pledged to expand services to eventually provide evening, part-time and respite care.

Quebec's childcare initiatives are significant as they show that a universal childcare system is in fact possible and obtainable, at least at a provincial level which is a tremendous start. John Godfrey, Member of Parliament, suggests, "It is Quebec's very

strength in the field of early childhood care and education that should encourage the rest of Canada to create a National Project. As Saskatchewan was the model for public health insurance in the 1960's, so too should Quebec be the model for early childhood development" (Friendly 2000, 32). However, the variety of existing childcare programs in Canada remains vast and fragmented. Trends towards neoliberalism and the shift in Canadian federalism where provincial autonomy has increased in relation to reduced social funding from Ottawa do not necessitate that other provinces follow the role Quebec has led in childcare matters. Such varied childcare programs make it exceedingly difficult to employ national standards and review the quality of care nation wide. As well, the concept of citizenship and social cohesion is questioned as some Canadians may enjoy quality childcare while others are not as fortunate.

The following section will outline the proposal for a National Childcare System which would incorporate suggestions and principles from childcare advocates, specialists, and citizens and is believed to offer the most comprehensive childcare system.

A Proposed National Childcare System

Despite the absence of a national childcare policy in Canada, most childcare advocates insist that the ideal setting for successful childcare is a national program (Cleveland and Krashinsky, 1998, Doherty 1998, Friendly 2000, and Townson, 2000). Childcare advocates and professionals assert that a national childcare policy is necessary to provide a framework to ensure that all Canadians have access to regulated, quality childcare, which would at the very least address the current weaknesses of childcare services in Canada. This thesis refers to the national childcare system set forth by Gillian

Doherty, Martha Friendly, and Mab Oloman, in their 1998 report *Women's Support, Women's Work: Childcare in an Era of Deficit Reduction, Devolution, Downsizing and Deregulation*, as an example of what a national system of childcare would entail. The proposal adheres to the following seven attributes:

- 1) *Comprehensive* in that childcare must be provided for the various needs that exist. For instance, a range of childcare should exist, full and part-time childcare services, family day care, emergency childcare, seasonal childcare services, and periodic childcare for stay at home parents
- 2) *Universally Available* in that a sufficient supply of affordable care for children ages 0-12 exist, regardless of region.
- 3) *Affordable* in that childcare should be within financial reach of all families that wish to use this service
- 4) *High Quality* in that childcare should consist of the best available research knowledge about adult behaviours and program characteristics, that are consistent with a child's well-being and optimal development. And there must be *regulatory standards* to maintain this quality standard of staff, environment, and skills.
- 5) *Responsive* in that a national childcare system needs to have sufficient spaces, which allows a range of enrolment options within and between programs so care is available at the times when it is needed
- 6) *Accountable* in that this service needs to be responsible and held responsible to the children, parents, and community
- 7) *Co-ordinated* in that it is supportive of continuity for the child through the maintenance of linkages among childcare services, recreational services, and school services (Doherty et al. 1998, 54).

The proposed national childcare system, although only a framework at this point, would be a comprehensive childcare system in that it addresses, or would at least attempt to address, the drawbacks of the current childcare system such as the lack of regulated childcare spaces, the high cost of regulated childcare, poorly paid childcare workers, inflexible childcare hours, ineffective and insufficient tax measures for childcare, reduced social spending, and foremost, a fragmented childcare system.

A national system for childcare may actually be more affordable than the existing one. Even though the Liberal government justified reducing social spending by claiming that “government spending needed to decrease as the ratio of revenue to spending fell and the size of interest payments on the debt rose in 1994 and 1995” (Friendly 2000, 16), the 1998 policy study conducted by Cleveland and Krashinsky¹⁹ claims the opposite is true. Their study suggests that a national childcare system may even promote a more economically viable society (Cleveland and Krashinsky 1998, i). The study adopts an economic model to show that the current ‘free market’ approach to childcare is ineffective (market failure²⁰) in terms of providing quality childcare and so to fulfill the attributes of a national childcare system at least some public investment is necessary to address the inequalities that currently exist. One of the benefits of implementing a universal or national childcare policy according to this study is that the benefits would outweigh its financial costs. Cleveland and Krashinsky suggest that publicly funded childcare would represent a prudent and productive use of scarce public funds (Cleveland and Krashinsky 1998, i), claiming that every dollar the federal government spends will

¹⁹ This study was conducted by the Department of Economics at the University of Toronto in March of 1998. There is not another study in Canada that uses a conventional cost-benefit analysis to assess the likely economic impact of federal and provincial/territorial government adoption of the proposed national childcare system. Based on an assessment of the quantitative economic impacts of childcare developmental effects in children, economic equity in society, particularly on women and low income families headed by single mothers, and macroeconomic effects, the study concludes that the benefits of providing quality childcare for children are likely to exceed the costs.

²⁰ The term ‘market failure’ is defined in this study as a rubric for various ways in which markets will fail and most economists believe that there are cases where markets do not work appropriately and where government intervention is required (Cleveland and Krashinsky 1998, 9). There are several ways in which childcare can be shown to involve this kind of market failure. When the argument is made that childcare markets, or privately funded childcare is most efficient and that no government intervention is required, one must assume that there is no public interest in raising children. Arguments that suggest that early child development is beneficial for all society, makes childcare a public good as well as a private good. Economists refer to this combination as a ‘mixed’ good, rather than a commodity that is either solely private or public (Ibid., 9).

save two (1998, 56). They believe that quality childcare would promote greater education among children, and so as adults they are likely to be more productive, healthier, pay more taxes, and will be less likely to require welfare and other social transfers (Cleveland and Krashinsky 1998, 59). It is from these long-term benefits that Cleveland and Krashinsky believe the government could double its investment. There is an increase in awareness among childcare advocates and specialists regarding the significance of quality childcare to Canadian society. Several studies show the positive long-term benefits that quality childcare may have on society, particularly in terms of increased revenue, reduced poverty, and a lower crime rate. The Currie and Thomas, Osborne and Milbank, and Anderson studies provide estimates that quality childcare will improve a child's school performance. They suggest that there is a four percent to ten percent improvement in various indicators of the skills, abilities and productivity of the children studied (Ibid., 61). These increased abilities would affect both the equality of life and eventual income-earning capacity of each child. A four percent improvement in income earned would average \$1000 per year at current average earned incomes of about \$25,000 per person, or about \$40,000 over a working lifetime (Ibid., 61). A ten percent improvement would imply an increase of \$100,000 in average lifetime earnings. The value of this would have to be discounted back to the present, but over a child's lifetime these benefits, part of which accrue to the individual and part to society as tax payments and reduced need for social programs, would be substantial.

The second type of effect measured in these studies was a reduction in school-drop-out or grade-repetition rates. In Cleveland and Krashinsky they cite research from the Currie and Thomas study, showing that children who perform poorly in early grades

are more likely than other children to eventually drop-out of school all together (Ibid., 61). The relationship between high school completion and future wages is well established; most studies indicate that an additional year of high school is associated with an 8 percent increase in lifetime wages (Ibid., 61). High school graduates are also less likely to be unemployed, are likely to be in better health, and are likely to experience greater job satisfaction (Ibid., 61).

These particular long-term benefits are particularly relevant in Canada where the high school drop-out rates are significantly high. In the academic year of 1988-9, 34 percent of students did not graduate (Cleveland and Krashinsky 1998, 61). This percentage is substantially higher than rates in the United States, Germany, and Japan. The total loss due to high school non-completion is estimated to be \$4 billion, composed of a \$2.7 billion cost to the drop-outs themselves, and a \$1.3 billion loss to society (Ibid., 62). The \$2.7 billion loss represents the reduced amount of after-tax income earned over a lifetime and the loss of non-market benefits. The \$1.3 billion loss to society is composed of the loss of tax revenue, the extra public administrative costs related to crime and social welfare programs and costs related to a broad community-based quality of life, including the costs of decreased social cohesion, less participation in political issues and lower education attainment among offspring. The high school drop-out rate is costly and will likely cost society more in the future, as nearly two-thirds of all jobs in the year 2001 will require a minimum of 12 years of education up from just over 50 percent ten years ago (Ibid., 61). All of these long-term benefits show that quality childcare is a worthy investment both in terms of financial and social gain, but if this is the case, why does the federal government continuously fail to employ a comprehensive childcare system?

Although there are no opinion polls conducted to show that the Canadian public favours a *national* childcare system, there are polls that reveal that Canadians believe government(s) should do more to improve the status of childcare in this country. In the fall of 1999 the Globe and Mail in conjunction with Angus Reid Polls conducted a series called *Family Matters: A Year in the Life of the Canadian Family*. This study examined the stresses of juggling work and family by asking the views of 2,499 adult Canadians, including 1,991 parents. Over forty different questions were asked and then examined by Angus Reid Polls. The polling firm “cross-tabulated the results on the basis of region, age, gender, income, education, voting intention, and whether the respondent had children at home” (Mitchell 1999b, A7). Overall the series insists that family life in Canada is in a state of crisis, as the poll revealed that, “64 percent believe that the state of the family today is a national crisis and that the government must take steps to alleviate it” (Mitchell 1999b, A7).

Nora Spinks, president of Work, Life, Harmony Enterprises, an international consulting service for families claims that, “Canadians are at a breaking point” regarding family life (as cited in Mitchell 1999a, A8). She warns that this stress is particularly harmful to women and people with children at home. In reported symptoms of irritability, sleep disturbances, trouble concentrating, depression, panic attacks, and thoughts of suicide, women surpassed men in all categories. When these symptoms were considered in relation to people with children at home compared to people without children they were more prevalent for those with children. As women are more likely to be the primary caregiver it helps to explain the higher stress levels for women.

As such, Canadian families are in search for a more suitable system to improve family life and many believe it is the responsibility of government to do so. Although the word *national* childcare system was not used when Canadian were asked about, "Setting up an inexpensive daycare system open to all families who want it", 78 percent were in favour of such a system (McIlroy 1999, A4).

Opponents of a 'national childcare system' argue that, the federal government should not run childcare centres. Martha Friendly suggests that this apprehension is largely due to a misinterpretation of the federal role in the proposed national program. She insists that, "Over the past two decades, many government task forces and many non-governmental groups have recommended a national childcare program. None of these has suggested that childcare services be designed, managed, maintained or delivered by the federal government" (Friendly 2000, 10). Instead, the proposed federal role is to "Maintain an overarching policy framework of national principles and provide financing, usually under a cost-sharing agreement" (Ibid., 10). In terms of provincial and territorial responsibility, it is intended that their participation in the program be optional in developing childcare programs that include a wide variety of services (flexible childcare hours, part-day, full-day, family day care, and centre based day care) under provincial regulation (Ibid., 10). Ideally, a national childcare policy would be designed to, "Meet individual provinces' requirements but would fit within the overarching national principles" (Ibid., 10). Instead, the federal government has opted for a 'two-tiered' system of childcare, which provides both 'regulated' and non-regulated' care. Prentice explains that "Most Canadian children are in non-regulated care with no assurances of quality standards, or support for their caregivers who are characterized by low pay, and

receive little public support and few resources since childcare is delegated to either family or the market” (Prentice 1999, 140). Unless parents are subsidized or can afford regulated care, most parents are left to use non-regulated, or unlicensed care. Thus it is believed that a national childcare system would address the ineffectiveness of the current system of childcare.

Past Attempts Towards a Comprehensive, National Childcare System

Despite the overwhelming evidence and studies put forth that recommend a national childcare policy to ensure a comprehensive childcare system for all Canadians, it has yet to materialize. This is not to say that there has not been a great deal of effort spent on attempting to do so. Indeed there have been a few attempts over the last thirty years to introduce a national childcare system in Canada. The first efforts to support a national childcare system was proposed in 1970 by the Royal Commission on the Status of Women, as the National Day-Care Act (Friendly 2000, 11). Since then there have been three more attempts. In 1984, 1986, and 1995, three successive federal governments announced that a national childcare strategy for childcare would be developed.

The End of the Liberal Legacy in 1984

Before the 1984 federal election, the Liberal government introduced a Task Force on Child Care to, “examine the need for childcare services and paid parental leave as well as the federal government’s role in the development of a system of quality childcare in Canada” (Cooke et al. 1986, 23). The Task Force Report was not released until 1986 and

by this time a Conservative government has been in power for two years. Essentially, the report recommended that, “childcare become a publicly funded program available to all children to be organized by provinces and delivered locally” (Friendly 2000, 13). As for the federal role the report suggested it provide, “leadership in developing stable, available, affordable childcare” (Cooke et al. 1986, 284-5). The provinces were suggested to, “retain jurisdiction and a funding role” (Ibid., 284-5). Nonetheless, the report was shelved under the Conservative government of the time.

A National Childcare Strategy under the 1987 Conservative Government

Brian Mulroney’s Conservative government formed a federal committee to review childcare that, “held cross-Canada public hearings to ‘talk to the people’” (Friendly 2000, 13). However, when the Conservative government introduced its report, *Sharing the Responsibility* in 1987, childcare advocates who believed in universal and publicly funded childcare were gravely disappointed in its recommendations to increase tax reductions for parents, and for-profit or private daycare centres. The Conservative report was also criticized for “failing to establish federal principles or standards, and expanding the role of the Minister of Finance in a social program” (Ibid., 13). So despite initial efforts to gain public support with an apparently strengthened social policy, the Conservative’s National childcare strategy failed and was completely eliminated by the time the 1988 federal election was called.

According to Friendly, the Conservative strategy towards childcare during the late 1980’s, “provoked so much criticism that the unpopularity of the proposals may have made childcare a no-win situation for the government” (Ibid., 14). Yet, the ultimate

failure of the Mulroney childcare strategy is that it strengthened an already popular mistrust of federal initiatives among the provinces, as well as exemplifying a negative view of childcare among senior federal bureaucrats (Ibid., 14).

The Liberal Platform under the Red Book in 1993

The Liberal's *Red Book* promised to expand regulated childcare by adding an additional \$720 million to the funds already spent through the CAP over three years (Liberal Party of Canada 1993, 16). This funding was intended to be cost-shared between the federal government and the provinces with an additional 20 percent from parents (Ibid., 17). There were a couple of conditions upon which this promise was contingent annual economic growth of 3 percent and provincial compliance (Ibid., 17). Once the Liberal party was elected, it began to work on its childcare agenda. One of the first steps was the formation of Social Security Review (SSR) to review social programs. By 1994 a discussion paper was released from the SSR which identified childcare as, "essential to three areas; employment, learning, and security" (Human Resources Development Canada (HRDC) 1994a, 2). As well, a supplementary paper was released which provided a vision of childcare that included "quality, availability, affordability, and comprehensiveness" (Human Resources Development Canada 1994b, 2). This supplementary paper also recommended the "incorporation of a framework of principles to guide and consolidate investments in childcare and development within the commitment to improve Canada's childcare system, and to developing, with governments, parents, and the public, a national framework for childcare and development" (Ibid., 2).

According to Martha Friendly, “during the traveling public hearings, it did not appear that provincial governments were opposed to a review of national social programs by the federal government without their participation” (Friendly 2000, 15). Despite the bold promises set forth in the *Red Book*, the federal government took a surprisingly different path to work towards a national childcare strategy. Once Ottawa’s ratio of revenue to spending fell and the size of the interest payments on the debt rose in 1994/1995, the federal government made massive cuts in transfer payments to the provinces and as mentioned, terminated the nation’s last conditional cost-shared program, the CAP. When the federal government decided to unload some of their social responsibility to the provinces, the relationship between the two levels of government became strained. Childcare advocates were particularly disappointed by the actions of the federal government, as the sole federal funds for regulated childcare were from the CAP. Their hopes for a national childcare system that seemed rather promising in 1993 were based upon the presumption that the expanded childcare services promised in the *Red Book* would be built on CAP funds reimbursed to the provinces, totaling about \$300 million annually at the time (Ibid., 16). As such the future for a national childcare system began to look bleak and federal/provincial relations were strained.

Although the political implications which prevented these three former attempts to implement an comprehensive, national childcare system were indeed real, this thesis argues that the current political climate makes it even more unlikely that such a system will evolve. The 1995 federal budget’s massive spending cuts under the Liberal government became the underpinnings of a new political climate, one in which the nature

and amount of federal funding for social programs were significantly reduced, the nature of federalism altered, and the federal/provincial relationship strained.

The National Childcare System Under the Current Political Climate

In the second chapter, the current political climate of Canada was identified by such factors such as: an ideological shift towards neo-liberalism; external factors such as international events, and globalization; political arrangements and, in particular, fiscal federalism; and public opinion. Although each of these elements plays a role in challenging the development of a national childcare system, it is believed among childcare advocates and specialists that the greatest obstacle to its development is federalism (White, 2002; Friendly 2000).

The shift in Canadian fiscal federalism that occurred in 1995 can be attributed to external and ideological factors such as international pressure to reduce deficits and the push of neo-liberal principles, which greatly influenced the Canadian government and other OECD countries to comply with the demands of the global market and the era of deficit reduction. As such, a change occurred in the nature of the relationship between the federal and provincial governments. The withdrawal of federal funds under the CHST increased provincial responsibility towards social programs. As discussed in the second chapter, provinces insisted, some more strongly than others, that it was no longer appropriate for the federal government to assert itself in terms of social programs and services since it had removed itself as a key player in the funding process. Under this new relationship, a national childcare system funded and monitored by the federal

government is less likely as the province's new fiscal responsibilities has made them more likely to demand control over social programs.

The extent of this strained relationship between the federal and provincial governments is such that Alberta, Ontario, and Quebec have stated that they do not want to accept funding from the federal government any longer, even unconditionally (White 2002, 110). To address this strained relationship and the damage done to the social cohesion of the country, the 1996 Throne Speech suggested that the social union in Canada be examined in an attempt to 'modernize' and 'preserve' its principles (Ibid., 110). These principles eventually led to the formation of the Social Union Framework Agreement (SUFA) on February 4, 1999, signed by nine provinces and the federal government.

The relevance of this agreement for a national childcare system is not yet agreed upon. Opinions regarding the agreement vary from "If it [SUFA] had been in place a couple of years ago, we might even have a national childcare program today" to "Before Thursday it was hard enough to interest Ottawa in urgent social needs-homecare, pharmacare, or childcare. Now it will be even harder" (Friendly 2000, 25). One of the principles honoured under the SUFA is that the federal government will not intrude within provincial jurisdiction regarding social policy matters unless authorized by the provinces. This principle could work either way regarding a national childcare system, depending on whether or not a particular province supports the idea of a national childcare policy. If a province does not support the ideal of a national childcare system, the federal government has agreed to support provincial jurisdiction over social policy matters such as childcare.

Another principle deriving from SUFA is referred to as *collaborative federalism*. However, it could be argued that collaborative federalism is not actually beneficial to the creation of a stronger social union which many believe to be essential to the development and existence of a national childcare system. According to Linda White, collaborative federalism encourages the federal government to use the tax system rather than direct subsidies to provide relief to parents for their childcare costs (2002, 113). As mentioned, the new method of social spending through tax measures is not especially beneficial to social services, programs, and policies. Instead, collaborative federalism allows the federal government to spend less and in return the provinces have more say in how this money will be spent.

On the other hand, to some extent, the SUFA appears to support social cohesion as it commits its signatories to make social programs more effective and efficient. It also promises Canadians improved social programs on a national level, stating that, “wherever Canadians live in Canada or move in Canada access to essential social programs and services of reasonably comparable quality” should be available (Government of Canada 1999, 6). Despite the notion supported by childcare advocates and experts that all Canadian families should receive the same level of childcare, SUFA does not enforce this intention and so when it comes to the actual access, affordability, and quality of childcare, services continuously tend to be diverse and disparity is more likely than comparable service.

SUFA initially showed an ambitious federal agenda of social programming, since new programs would not require unanimous provincial approval but only the support of a majority of provinces. At the same time, even if the majority of provinces agree on new

social programs, national standards would not ensue across the country, unless all provinces complied. As such, “no major new programs have been implemented under SUFA except the National Child Benefit System (NCB) and the Early Childhood Development Agreement (ECDA)” (Canadian Council on Social Development 2003, 3). While progress has been made through the NCB, it is believed that the funding is insufficient. The Canadian Council on Social Development insists that the maximum benefit of \$2,400 per child is “far below the level needed to raise many children above the poverty line and that the greatest tragedy is that it fails to reach many of the neediest recipients” (2003, 3). As such, “only 66 percent of families who received the supplement between June 1998 and June 1999 were able to attain the full benefit” (Ibid., 3).

The other major policy developed through SUFA is the Early Childhood Development Agreement (ECDA). This agreement was created to encourage greater collaboration in childcare among the federal and provincial governments. However, the Canadian Council on Social Development insist that “the \$2.2 billion dedicated to this program over five years is insufficient, as this funding translates into just a little more than \$100 per child over the next five years” (Ibid., 3). As well there are few guidelines as to how exactly the ECDA funds are being spent and how governments will be accountable to Canadians for these funds. And finally, the ECDA currently has no requirements in place to ensure that provinces spend these funds on childcare development. Thus, despite the apparent efforts to promote social cohesion nationally, the SUFA has yet to show any substantial changes to social programs on a national level.

Childcare Strategy Update

In November 2002, MP John Godfrey released the report, *A National Childcare Strategy: Getting the Architecture Right Now*, under the National Liberal Caucus Social Policy Committee and in collaboration with the Caledon Institute of Social Policy. This report is a concise and pro-active response to the report, *Time to Decide on Child Poverty Laggard or Leader? The Competitive Requirement for a Canadian National Childcare Strategy* released in August 2002. Although Godfrey's report appears promising for childcare advocates, when examined more closely, however, it does not significantly differentiate from former promises to improve childcare.

Godfrey's report complies with leading and former reports and studies with regards to childcare as it recognizes early childhood development as one of the most important determinants of health. He agrees that child poverty can only be alleviated by increasing family incomes, and believes that the investment in human capital is one of the highest investments that can be made. This report acknowledges that Canada has fallen behind other OECD countries in the provision of childcare and preschool, and it accepts that the face of the modern family has changed due to more mothers participating in the labour force than ever before. Finally Godfrey's report supports the notion that every dollar invested in early childhood development would double its return.

Godfrey's principles correspond with the National Liberal Caucus Social Policy Committee's funding recommendations and concessions for a national childcare system. As such, Godfrey suggests that the federal government should initially concentrate its resources on 3 to 5 year olds thereby forging the closest link with the formal school system that starts at age 6 (Godfrey 2002, 2). As such he proposes a comprehensive

program for 3-5 year olds which will provide each child a preschool place by 2007 (Ibid., 2). This will cost the federal government a net total of \$4.5 billion per year, beginning with a federal government expenditure plan of up to \$1 billion in the next fiscal year, as an initial step.

Yet another positive element of this report, and perhaps the most positive, is the flexibility and considerable number of options offered towards the development and operation of a national strategy. Godfrey suggests strengthening the Early Childhood Development Agreement (ECDA) through the addition of a codicil (or an extra clause). This addition would make new federal funding available “for the *express* purpose of investing in high quality childcare” (Godfrey 2002, 4). Yet in the event that all provinces do not accept such a codicil, the report offers another option for those provinces that may feel that this approach is “too directive or intrusive” (Ibid., 5). Indeed, some provinces may prefer to maintain the, “no strings freedom of the current ECDA” (Ibid., 5), but Godfrey’s report insists that it is more likely that the majority of provinces and territories would be interested in federal funds intended explicitly for high-quality childcare since, “many provinces already invest in this area, and in fact, direct a sizable portion of their spending toward the supply of regulated services” (Ibid., 5). Under these principles however Godfrey suggests that a new agreement between Ottawa and the provinces needs to exist. In the case that a majority of provinces do not wish to sign onto a new national childcare strategy, the federal government could proceed to sign bilateral agreements with those jurisdictions interested in proceeding with new investment in this area (Ibid., 5). Finally, if a bilateral agreement is not acceptable for provinces and territories, this

report offers the option of local jurisdictions signing agreements with Ottawa to invest in high quality childcare (Ibid., 5).

Despite the positive elements of the Godfrey report, there are a few areas that need to be more specific, or at the very least examined further. As mentioned, the most ideal or comprehensive childcare system is believed to be national. Although the Godfrey report most certainly promotes a comfortable environment for provinces to comply with initiatives to improve the status of childcare, the autonomous nature of the provinces remains. Thus, the development of a fully national system for childcare is unlikely, as provinces continue to exercise their own interests towards childcare. At best, the Godfrey report can assure high quality childcare only to those jurisdictions that are interested and this does not ensure a national system will develop. Another concern is that although the report suggests that the federal government will increase spending to promote high quality childcare, it does not specify how monies will be allotted. Additional funding may be in the form of tax incentives which, as mentioned, is not always the most supportive measure for childcare. Even though the net total of \$4.5 billion annually allotted to childcare under Godfrey's report is considerable, it has been suggested that a comprehensive, national childcare system would cost more than this. According to Cleveland and Krashinsky's study, a system of this nature would cost "approximately \$5.3 billion annually" (1998, 58). The Canadian Council on Social Development suggests that a national system would cost approximately \$10 billion annually (2003,1). Although funding may be allocated via unspecified transfer payments under the CHST or via conditional funds similar to the former CAP, Godfrey's report does not mention to what degree funding should be increased to the provinces

specifically. At the very least an estimated amount would be useful to predict the likelihood of provinces complying with this childcare proposal. One last concern is that Godfrey's report fails to mention childcare workers, their salaries, education, and benefits, which according to Cleveland and Krashinsky, are in serious need of improvement. Childcare workers are predominantly women, and so women are disproportionately effected by the shortcomings of this profession, yet, Godfrey's report on childcare focuses almost completely on children and only briefly mentions the link between childcare and women's equality as an 'objective' of the strategy, as opposed to one of the primary elements.

Aside its apparent efforts, Godfrey's report for a national childcare strategy will not likely materialize. This is especially true when one considers the former attempts such as the end of the Liberal legacy in 1984 which failed to allow the Task Force on childcare to materialize in 1986, the Conservative government's failure in 1987, and finally the 1993 Liberal promise to improve childcare through a national agenda ended with the 1995 federal budget. Under the current political climate where the nature and role of federalism has changed and intergovernmental relations are increasingly strained, Godfrey's proposed national strategy for childcare remains a faint hope at best.

A positive development for a more comprehensive childcare system may materialize under the recent 2003 federal budget. The announcement that the federal government will spend \$935 million over the next five years for quality childcare spaces and improved childcare and pre-school services has been well received by the Canadian Council on Social Development as they announced on February 18, 2003, "It is a historic day for Canada's children and families" (2003, 1). Of the total \$935 million over the five

years, "\$100 million will be available in the first two years, \$150 million, in year three, \$300 million in year four, and \$350 million in year five" (Federal/Provincial/Territorial Ministers Responsible for Social Services 2003, 1). These funds will be transferred to provincial and territorial governments through the CHST, beginning in April 2003 (Ibid., 1). The federal budget also provides an additional \$35 million over five years for early learning and childcare programs for First Nations children, primarily those living on a reserve (Ibid., 1). At the same time, the Canadian Council on Social Development stated,

"We are very happy about this announcement but we are concerned that a mere \$25 million has been allocated for the first year. Given that Quebec alone has spent \$1.1 billion on childcare in 2001, and that the overall price tag for a quality, national childcare system is estimated at \$10 billion, we can only hope that all governments will be committed to increasing their support to childcare in the years to come" (Ibid., 1).

Although it is too soon to see the effects this considerable increase in funding will have on childcare, it appears to be a step further in the right direction. Yet, according to childcare experts and advocates, the funding, and more importantly, the nature of the funding is not necessarily conducive to creating a comprehensive childcare system, nationally.

Part Two: The Importance of Childcare to Women

Nearly fifteen years ago, at the Canadian Labour Congress National Women's Conference, president Shirley Carr addressed the impact neo-liberal governments were having on Canadian women. However, Carr insisted that women are doubly affected by cutbacks made to childcare because it is more likely that women are employed as

childcare workers, and it is also more likely that they will be recipients of childcare services (Carr 1988, 10). Several other academics believe that women are doubly affected by cutbacks made to childcare, as they are more likely to be both recipients and providers of this care (Andrew and Rogers eds., 1997, Armstrong and Connelly eds., 1999, Bains, Evans, and Neysmith eds., 1998, Baker and Tippin 1999, and Cheal, Wooley, and Lexton 1998). Unfortunately, despite the length of time that has passed since Carr stated this observation in 1988, women remain uniquely affected by the cutbacks made to the social policy sector and childcare specifically.

Women and men have been working towards equal rights for women for several decades. One's freedom of choice in terms of employment, earnings, living arrangements, and political participation is paramount to one's equality. A woman's equal right to choose can be dependent on the availability of a comprehensive, ideally national, childcare system. As discussed in the previous chapter, women's different life experiences and circumstances can challenge their ability to achieve *substantive* equality despite the *formal* equality they are promised under the Charter. Women are still more likely to be the primary caregiver of their household, children, those with special needs, and the elderly. It remains the mother's career that is often forgone if one parent stays home with the children; it is the mother who is more likely to work part-time when children are young, who declines opportunities for career advancement, and who neglects the acquisition of skills that might permit advancement. Under these conditions, childcare is a significant social issue to many women in terms of their ability to choose both a career and a family. In these ways, women's experiences in the social, economic, and political spheres of life differ considerably from their male counterparts. As such,

the federal government's reductions in social funding in areas such as childcare affect women disproportionately and negatively. This is not to say that some men will not also be affected by insufficient funding or reduced subsidies for such social policies however, women are ultimately affected the most.

The last section revealed the negative effects that the current political climate has on childcare, in particularly the likelihood of a comprehensive childcare system being introduced. Childcare was selected as a specific example of a social issue as it is seriously compromised under the current political climate. In order to strengthen the overall argument that women are disproportionately affected within this current political climate, one more link needs to be made. This section must show the importance, or the unique relationship women have with childcare to explain how compromises to policies, services, and programs disproportionately affect women. The simplest way to show the importance of childcare to women is to draw from the challenges currently hindering childcare reviewed in the previous section and link them to women directly. To review, these seven implications were; *lack of regulated childcare spaces, expensive regulated childcare, poorly paid childcare workers, inflexible childcare hours, ineffective and insufficient tax measures for childcare, reduced social spending for childcare, and a fragmented childcare system.* Each implication will be reviewed for how it affects women uniquely.

Lack of Regulated Childcare Spaces

Without a more comprehensive childcare system, women's equality will be continuously challenged. Insufficient numbers of regulated childcare spaces for instance

can make it increasingly difficult for women to obtain both a family and a career.

Without enough regulated spaces families must turn to unregulated care. Even though unregulated care does not necessarily represent a lower quality of care, non-regulated care does not necessarily meet government guidelines and regulations. As well, when families are left to use unregulated care, it is quite common that tax receipts are not always offered. Many unregulated caregivers do not provide tax receipts so as to compensate for the low-income most childcare workers earn. Yet, tax receipts are necessary for families to deduct these services to help bring down the cost. Some families begin to weigh the cost of childcare and decide to have one parent stay home. Women are particularly affected by the lack of regulated spaces as mentioned in the last chapter for women are more likely than men to stay home and raise children: "In 1998, over 37% of women, compared to 2.9% of men, cited caring for children and other personal/family responsibilities as their reasons for leaving full time employment and choosing to work part time" (Freiler, Stairs, Kitchen, and Cerny 2001, 15). Thus, a shortage in available childcare can initiate this decision. Single mothers are greatly affected by the shortage in childcare spaces, as they are more likely to require assistance for childcare, yet they can only receive assistance under the guise of regulated care. Without enough regulated spaces single mothers have difficulty receiving the assistance they need.

Expensive Childcare

The expense of regulated childcare can be very daunting for many Canadian families. Women are specifically effected by this expense as it makes the prospect of

working outside of the home less financially attractive when the majority of a second income is spent on childcare. Since women are more likely to stay home, their lives are most affected by the high cost of regulated childcare. Thus, a mother's ability to choose a career outside of the home is somewhat threatened under these conditions. Single mothers are especially affected by expensive childcare as they earn less money than men, as single mothers earned the lowest average annual household earnings in 2000 of any family type: \$25,000 after taxes (Lochead and Scott 2000, 19). Women are more likely to have full custody of their children in the event of divorce leaving them most in need of childcare and, at the same time, the least able to afford it.

Poorly Paid Childcare Workers

Women are doubly affected with respect to the current childcare system, as they are more likely to be employed as providers of these services than men. As mentioned in the previous chapter, women who work outside of the home are heavily concentrated in a small number of occupations, most of them low paying and low status with little likelihood of advancement. Typically, these jobs are of a caregiving nature such as, teaching, nursing, childcare, and social work. These jobs are considered 'women's work' and according to Levine, women's work "Provides the economic system with cheap or unpaid labour" (1996, 46). Unfortunately, the childcare profession is considerably underpaid. "The average regulated childcare employee earned "\$20,600 in 2000, well below the \$34,000 average in the rest of the work force" (Statistics Canada 2002e, 3). As such, women who work as childcare workers often endure a fairly stressful working

environment with a fairly high turnover rate since it is highly underpaid and therefore undervalued.

Inflexible Childcare Hours

Another drawback for women is the inflexibility of available childcare. As mentioned, women are more likely to work part time and shift work can make their working hours inconsistent with the conventional hours of many childcare centres. In 1995, "71.5 % of women worked in part-time employment with less benefits, promotion, and pay, compared to 28.6 % men" (DeWolff 2000, 55). By 1999, part time work continues to be the woman's domain as "71.1% of Canadian working women over the age of 25 were employed in part time jobs, compared to only 14.2 % of working men in the same age group" (Ibid., 55). Although some childcare exists during unconventional hours it is not common. This can be especially challenging for working single mothers who do not have flexible childcare options.

Tax Measures

Tax measures for childcare can be highly ineffective for women who are single mothers. Under the Child Care Expense Deduction (CCED), for instance, families are not allowed to claim this deduction if only one parent is employed outside of the home. As such this encourages both parents to work, women have less of an incentive to stay at home and are negatively affected if they do. Families that keep one parent home are taking a loss of another income without any assistance from government. Even though they are not paying a childcare it seems fair that they be compensated for the loss of a

second income. Without such compensation, families with a stay-at-home parent are neglected under current tax benefits. A further concern is the lack of value assigned to childcare provided within the home compared to the value assigned to that provided outside of the home. These circumstances make the childcare issue even more complicated.

Reduced Federal Funding

The 1995 federal budget marked a turning point in government spending on social services, particularly for women. As mentioned in the last chapter, women are more likely to receive social services under the welfare state. According to the National Council of Welfare, government programs provided half of the total income for single mothers under 65 with children under 18, and unattached women 65 and older in 1998. "A single mother with children under 18, relied on the government for a total of 67% of the overall income in 1998" (2002: 38). "Unattached women 65 and older, relied on the government for a total of 91% of the over all yearly income, in 1998" (Ibid., 38). Thus, when these services are reduced, women are more likely affected given their reliance on them. These reductions also hinder the development of new programs and services.

Even though many childcare experts and advocates insist that a national childcare system is far less likely to materialize since the 1995 federal budget, other factors also reduce this likelihood. Relations among both federal and provincial levels of government have become more complex and strained. This weakened relationship further hinders the implementation of social programs and services such as childcare as governments find it

difficult to reach the consensus necessary to implement changes to social policies and programs.

A Fragmented Childcare System

According to Friendly, every aspect of childcare varies widely across Canada (2000, 6). In addition to this variation, she insists that only a minority of Canadians receive the childcare that they need. Such a fragmented system makes it difficult to promote universality and so families across Canada receive varies levels and degrees of care. This leaves the system less effective and efficient, difficult to regulate to fund and to examine. Additionally, the variation in childcare services across the country means that women in some provinces receive much better services than women in others.

The most significant link that can be drawn between women and childcare is the dramatic increase in the feminization of poverty. This is a significant link since the feminization of poverty seriously challenges women's equality. Several studies on poverty link the lack of childcare to the high poverty rate among women, in particularly single mothers (Baker and Tippin 1999, Lochhead and Scott 2000, Davis, McMullin, Avison and Cassidy 2001). According to one study, *The Dynamics of Women's Poverty in Canada*, childcare is a critical strategy for reducing poverty among women (Lochhead and Scott 2000). Lack of childcare is the critical issue for many families struggling to keep above the poverty line in Canada. Childcare is especially important in supporting single mothers who are working or pursuing education or training (Davis, McMullin, Avison, and Cassidy 2001). A national childcare system is a key ingredient in the recipe for addressing women's poverty (Doherty 1998, Friendly 2000, and White 2002).

Without more effective childcare services for these women and their children, statistics reveal the difficulties they encounter as they attempt to raise their children on their own.

Finally, the equality of women is threatened due to the reductions to childcare programs and services and the absence of a national system for childcare. As mentioned, the lack of quality childcare spaces in Canada often leaves women with little choice but to withdraw from the labour force and stay home with their children, or risk that the quality of care they find is unacceptable. At the same time, childcare can be an expensive venture for families and sometimes families decide that it is not financially feasible for both parents to work, since one salary usually pays for the childcare. In this instance it is more likely the women who stays home, as she is likely earning less, or working in part time employment due to her role as primary caregiver.

It is exceedingly difficult for mothers to enjoy the equality of choice that fathers do, without adequate and affordable childcare services. This is especially true since women usually have a greater responsibility to the family in terms of childcare, and they are more likely to sacrifice career advancement to supply their children with the necessary care and support. At the same time, most fathers can enjoy both the successes of a career and the joys of being a parent. Giving women choices can help to bridge the inequality gap that currently exists among men and women. Choosing to pursue paid labour, to care for others, or even to follow other personal interests without sacrificing one's own well-being or the well-being of one's family is essential for women's equality. Until women are either assisted in their caring responsibilities for their families, financially or in actual care, it is unlikely that they can enjoy the equality of choice currently enjoyed by many men.

All of these factors; the changing role of the family, the feminization of poverty, low paid, and under valued childcare workers, and the equality of women, represent the unique relationship women have to childcare, largely due to their different life experiences. Without sufficient childcare, women will continue to struggle with inequality. Until the issue of childcare is addressed, women are affected as they are still more likely to be the primary caregivers, which entails at best low paid employment, or at least, unpaid work. As mentioned in chapter three, women's role as primary caregiver prevents her from participating politically in the traditional sense, and so the ability to assert their unique interests is further challenged, making the struggle for equality another step away.

Conclusion

Childcare was used in this chapter as an example to strengthen the overall argument of the thesis that women suffer disproportionately under the current political climate in Canada. This chapter first examined childcare in relation to the current political climate and revealed that changes to the fiscal component of federalism were the main obstacle to the adoption of a comprehensive childcare system. The effects of restructuring policies on childcare, the prolonged shortage of childcare spaces, the fragmented system of childcare nationally and the increased use of tax benefits as a solution reveal an ineffective and inefficient childcare system. Strained federal and provincial relations regarding social policies challenge the adoption of a national childcare system, despite its apparent strengths.

The second part of this chapter linked existing childcare system directly to women's equality, revealing they are more likely to be disadvantaged by the system. As such, a national and more effective childcare system would provide women with choices that promote their equality. Despite studies revealing the benefits of such a system a more comprehensive childcare system has not materialized.

CONCLUSION

To conclude, women are indeed, disproportionately and negatively harmed by the current political climate in Canada. An increased emphasis on global markets and business, combined with shifts in ideology towards neo-liberalism, a more conservative public opinion, and an increasingly decentralized political structure, have in many ways exacerbated women's inequality. As discussed, recent shifts within the political climate are a response to intensified external pressures due to globalization and the internationalization of markets. This increased emphasis on the global economy has influenced domestic interests, in terms of restructuring and public policy. As such, the political climate in Canada is one where public policies tend to privilege the business sector over the social sector. Eligibility requirements for social assistance have also become more severe. Reductions to social spending, combined with strained inter-governmental relations have seriously challenged the development and implementation of many social programs and services. The post-war welfare state has changed and previously adopted principles of universality and social cohesion have faltered.

Many groups are affected by changes in the political climate. Marginalized groups such as Aboriginals, the disabled, single parents, the elderly, and the unemployed are most affected, as these groups are especially reliant on the social sector. For women, in particular, the existing political climate has exacerbated their weaker status in Canadian society and reduced the options available to them. Trends towards the restructuring of the welfare state and the increasingly decentralized political structure have allowed public policy to privilege the interests of business, often to the detriment of the social sector. Women have a unique relationship with the social sector, as they are

more likely to be both recipients and providers of the welfare state. As such it follows that women are more affected by changes in area of social policy.

Chapter one defined the current political climate as one that is less supportive of the social policy sector. This notion was determined by considering several elements. Political structure was reviewed as changes in federalism proved to be significant in defining the current political climate. Increased provincial autonomy and reduced federal spending created an environment where provincial and federal relations are strained. This strained relationship has hindered the promotion of new social policy ideas and proposals as it is difficult for both levels of government to agree on funding responsibilities and constitutional obligations. Globalization and other international activities were examined as they have also contributed to a new political climate. Increased technological advances, mobility of production and cash flow have given way to a climate that focuses primarily on global competition and markets. This focus has allowed and/or encouraged domestic governments to become more fiscally responsible, often to the detriment of social programs and services. Public opinion has also shifted in relation to these new global pressures and review towards greater individual responsibility for social matters corresponds with the neoliberal principle of individualism. Finally, the first chapter found that ideological changes towards neoliberalism emphasizing individualism, restructuring, and market based policies were key factors of the current political climate.

The second chapter explored the women's life experiences by looking at the social, economic, and political spheres of their lives. It was found that women tend to be socialized as caregivers and therefore are more likely to be the primary caregiver in their

families, and/or work in caring professions. The caregiving role in society is largely undervalued, and even unpaid which leaves many women in weaker economic positions. It was also shown that caring professions pay considerably less than others. A link was made between the economic and political spheres as women who are economically disadvantaged tend to be politically disadvantaged as well. Traditional political roles are held predominantly by men as they normally require extensive business contacts and significant financial contributions, both of which women, especially mothers, are less likely to possess. One of the most important findings in this chapter was the different status women experience once they become mothers. Mothers tend to endure significant psychological and financial changes and experience greater levels of depression.

One of the solutions to remedy the social inequalities that often surround family life is childcare. In chapter three, childcare was discussed in great length as both a social policy whose adoption is challenged under the current political climate and as an issue that is particularly crucial to women's equality. The Canadian government has failed to establish a comprehensive childcare system at the national level despite the fact that childcare advocates and experts believe a national childcare system would be cost effective, beneficial to society, crucial to women's equality, and key to child development. It was also revealed that public opinion believes that government should do more to improve the current status of childcare. The most significant point made in this chapter however, is the link between women's equality and childcare. Once a woman becomes a mother she is more likely to experience financial and even psychological challenges. And finally, the most interesting finding in this chapter was the significant impact of federal and provincial relations towards childcare policy.

Changes to the nature of federalism, and the shift towards decentralization within the political structure of Canada, have proved to be one of the greatest obstacles to implementing a more comprehensive childcare system. The strain among federal and provincial governments has intensified making it far more difficult to reach a consensus over policies issues such as childcare. This apparent weakening of the federation makes it increasingly challenging for national programs and strategies to materialize as provinces have become more autonomous. Provincial autonomy has increased around social issues in relation to the federal government's cut in transfer payments to the provinces. As such, even if the federal government increases social funding due to recent budget surpluses, there is no guarantee that the provinces will spend more on childcare, or any other social areas for that matter. Indeed a likely pattern can be drawn from the childcare issue that it is highly probable that strained inter-governmental relations will and/or have, greatly hindered the development of other social programs and services.

Women are doubly affected under the current political climate. Not only are women disadvantaged under a climate that promotes economics and privileges the business class, they are further affected because the infrastructure to remedy these discrepancies appears to have been restructured, or in some cases, existing programs and services eliminated. Another drawback for women under this political climate is that political participation becomes more difficult, for a variety of reasons. For one, cuts to social funding affect the lives of women who rely on social assistance, making it more difficult to participate in political activities due to a lack of time and money. As women are currently more likely to work both inside and outside of the home and as such, the extra time needed to participate in politics is not available. Women's financial status and

the relative lack of business connections most beneficial to political participation are also less likely to make political participation feasible. Unfortunately, if women are underrepresented in key political positions, their unique interests are likely to remain absent in political decision making.

One of the key arguments to justify cuts to social funding and services over the last decade is *fiscal responsibility*. As governments were experiencing intensified global pressures, they were forced to compete more effectively. Even though social budgets were reduced, governments continued to increase spending to further promote the business sector. These policy practices were justified under the new world order. Interestingly, these spending decisions were fairly well received by the public as opinion polls revealed a sympathetic view to more conservative positions regarding fiscal responsibility and global competitiveness.

Recent budgets have shown considerable surpluses, thus altering former incentives to restructure and cutback. Today there are more funds available for social programs and services, and these surpluses have created an optimistic setting among childcare advocates and experts. However, these surpluses do not necessarily guarantee that government will spend more on the social sector and at this time it is too soon to tell what will occur. It does, however, weaken former arguments that governments have to reduce social spending due to the intensified demands of the global economy. Now that governments are showing surpluses it will be more difficult to convince Canadians that Canada must remain modestly competitive and therefore conservative in its spending.

Social policy strategists are continuously rethinking their strategies under these changing times. The most recent strategy of the campaign for a national childcare

program is to focus primarily on children's development. The high-profile campaign against child poverty can also be appropriately linked to the focus on children. What is troubling is the little attention that is given to women by these childcare strategies. Although the notion that children are poor because their parents are poor is acknowledged, it tends to be discussed as merely one of several components. It appears as though a campaign that promotes equality for women carries little political weight and so it has become more *politically* strategic to focus on the well-being of children. This point is raised not to dismiss the absolutely positive effects a national childcare system would have on children. It is troubling, however, that women's well being is given such limited attention. If it is true that public policy reflects the degree of happiness and prosperity, or misery and poverty experienced by Canadians, ignoring women in the childcare policy debate is at the very least concerning. The greatest problem with downplaying the role of women within this social issue is that it reflects government's position on women, that they are not valuable enough to support policies that are important and even crucial to their equality.

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