

IAPR TECHNICAL PAPER SERIES

FISCAL RETRENCHMENT AND SOCIAL ASSISTANCE IN CANADA

Ronald D. Kneebone
Department of Economics and
Institute for Advanced Policy Research
University of Calgary

and

Katherine G. White
Applications Management Consulting Limited and
Institute for Advanced Policy Research
University of Calgary

November 2007

Technical Paper No. TP-07010

Institute for Advanced Policy Research
University of Calgary
Calgary, Alberta
Canada

<http://www.iapr.ca>
iapr@ucalgary.ca

© by authors. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit is given to the source.

Correspondence: R.D. Kneebone, kneebone@ucalgary.ca

Fiscal Retrenchment and Social Assistance in Canada

Ronald D. Kneebone
Department of Economics and Institute for Advanced Policy Research
University of Calgary
Calgary, Alberta, Canada

and

Katherine G. White
Applications Management Consulting Ltd.
Edmonton, Alberta, Canada

November 2007

Abstract

This paper exploits the fact that a confluence of events in the mid 1990s caused Canadian provincial governments to re-examine the design of their social assistance programs. Three provinces in particular – Alberta, British Columbia, and Ontario – chose to introduce substantial changes to the administrative procedures by which applicants applied to gain, and maintain, access to social assistance. We identify the relative contributions of economic influences, cuts to social assistance benefits, and new administrative procedures on the fraction of the population eligible for social assistance.

1. Introduction

This paper uses Canadian data to offer a contribution to the literature which examines the impact of welfare reform on the fraction of the population collecting social assistance. This issue has garnered a good deal of attention in the U.S. thanks to dramatic swings in caseload numbers¹ and thanks to changes in the design of state social assistance programs introduced in the mid 1990s. So-called “waiver reforms”² initiated by U.S. state governments in the early 1990s experimented with work requirements, benefit time limits, and other restrictions designed to make becoming and remaining eligible for social assistance more difficult. In 1996 the U.S. federal government

We are grateful to Herb Emery, Ernie Lightman, and Dean Herd for helpful suggestions and comments. Applications Management Consulting Ltd. does not necessarily endorse the contents presented or opinions expressed in this paper.

¹ On a national basis, caseloads increased 30% between 1988 and 1994 and then fell 59% from the peak in 1994 to June 2000. Source: Administration for Children & Families, U.S Department of Health & Human Services.

² So-called because prior to 1996 state governments required a waiver from federal regulations that allowed them to experiment with changes in their provision of Aid to Families with Dependent Children (AFDC) and its successor, the Temporary Assistance for Needy Families (TANF) program.

incorporated many of these reforms in its *Personal Responsibility and Work Opportunities Reconciliation Act* (PRWORA). With the passage of that act, almost all federal government eligibility and payment rules were removed leaving states with much greater discretion in designing their own social assistance programs. In his review of the key studies examining the question of the effect these reforms had on welfare caseloads Bell (2001) concludes that the dramatic fall in welfare caseloads following the introduction of welfare reforms seems convincingly related to improvements in economic conditions and there is little evidence to suggest that work-oriented welfare reforms in the U.S. have played a role in that decline. In her review of the evidence from U.S. studies Blank (2002) similarly suggests that the evidence so far provided in support of the conclusion that policy changes had important effects on caseloads is weak.

Whereas in the U.S., where it was a change in federal government legislation that provided state governments with the opportunity to change the design of their welfare programs, in Canada the impetus for change came about as a result of a confluence of events in the mid-1990s. In what follows we will describe how the impact of previous policy choices, a fiscal crisis, and a change in the design of intergovernmental transfers all contributed to demands on provincial governments that they make difficult choices about what spending programs they would expand and which they would contract.

Our focus in this paper is on how this confluence of events impacted upon the size and design of provincial social assistance programs. An important part of our analysis, one that allows us to contribute to the literature on the role of program design and delivery in determining the number of people collecting social assistance, relies on the fact that three provincial governments responded to the confluence of events by introducing important changes to the delivery of social assistance. Those governments significantly tightened eligibility rules, imposed elements of “work-fare”, made more stringent the requirements for remaining in the program, and in general imposed changes to the culture that administered the delivery government services; changes associated with what Meade (2003) has referred to as “reinventing government” reforms. Our measure of the impact of those changes allows us to contribute to the debate on the effectiveness of such reforms at reducing the number of social assistance recipients.

Anticipating our conclusions, we find that after controlling for the economic determinants of social assistance rates – measures of labour market tightness, social assistance payments, and competing sources of income – we find that in those provinces that introduced them changes in the culture that administered the delivery of social assistance had an important effect on the number of social assistance recipients.

Section 2 offers a brief overview of the nature of the social safety net in Canada. In section 3, we discuss the confluence of realities which, in the mid 1990s, came together to challenge provincial governments to reconsider the generosity, in terms of both ease of eligibility and size of income benefit, of their social assistance programs. Section 4 places these facts within a model that can be used to examine testable hypotheses. Empirical results are presented and discussed in section 5 while in section 6 we offer a conclusion.

2. The Provision and Funding of Social Assistance in Canada

Social assistance, or as it is commonly referred “welfare,” is an important part of the Canadian social safety net. That social safety net is comprised of the various social policies and programs that are designed to help “catch” Canadians when they are economically-challenged in ways such as having health problems or trouble finding work. The social safety net consists of private charities, family and friends as well as publicly-funded programs. The latter include the Canada Health Act as well as Employment Insurance, the Canada and Quebec Pension Plans, Old Age Security, Workers Compensation, and provincial social assistance programs. These policies and programs may provide a specific service, such as health care, or a basic level of income, such as social assistance. That part of the safety net which is publicly-funded also includes tax provisions. In particular, the federal government’s *Canada Child Tax Benefit* (CCTB), introduced in 1992 and supplemented in 1998, represents an effort to direct support to low-income families with children.³ Introduced in conjunction with the joint federal-provincial *National Child Benefit* (NCB) initiative, the CCTB increased federal payments to families with children to replace reductions in provincially-funded social assistance.

The NCB is one example of the multi-government aspect of the Canadian social safety net. Another example is the relationship between the federal Employment Insurance program and provincial social assistance programs. Those who are laid off from work qualify first for federally-financed Employment Insurance (EI) benefits. Those who do not qualify for EI either through lack of employment in the past year, or those who have exhausted their EI benefits may eventually qualify for provincially-financed social assistance. The two sets of programs are therefore interdependent. In particular, changes in the duration of employment insurance benefits and the generosity of re-training programs under that program has a direct effect on the number of applicants to, and hence the cost of, provincially-funded social assistance programs.

EI benefits are paid for up to a year depending on local labour market conditions. The recipients of employment insurance currently receive a benefit equal to 55% of their past year’s EI insurable earnings to a maximum amount of \$413 per week. This program is available to those who have fulfilled the required number of working hours in the last year, again varying by local labour market conditions. The ease of obtaining employment insurance benefits also depends on the reason for unemployment; those who are fired or quit their job face delays in obtaining the benefit. In general, for those with long and recent work histories prior to being made recently unemployed, entry onto provincial social assistance rolls will respond to changes in economic conditions only with a lag.

Those who do not qualify for EI either through lack of employment in the past year, or those who have exhausted their benefits may eventually qualify for social assistance. Social assistance is a benefit available to those who have met the provincial programs needs test. The needs test of the provincial social assistance benefits is different from the requirements for benefits in the EI program in that the needs test measures both income and wealth. Thus, if a person exhausts his or her employment insurance benefits, that person is first expected to liquidate some portion

³ The CCTB is a tax-free monthly payment made to eligible to eligible families to help them with the cost of raising children under the age of 18.

of whatever wealth they have (the amount is determined by the size of what are called “asset exemptions”) before qualifying for that province’s social assistance benefit. To become eligible for employment insurance requires only a sufficiently long and recent work history.

The two programs also differ in the way they are funded. Employment insurance is a federally-administered program that is funded through payroll deductions of employed workers and the contributions from their employers. Social assistance, while a provincial responsibility, was cost-shared by the federal and provincial governments from 1967 until 1995 under a program called the *Canada Assistance Plan* (CAP). Under the CAP, provincial governments were reimbursed by the federal government for 50% of their social assistance costs as long as they met certain minimum requirements imposed by the federal government (Armitage, 2003). These included requirements that provinces make social assistance available to all who were in demonstrable need, a prohibition on residency requirements, a requirement that appeal procedures be instituted, that provincial governments provide an accounting for their use of the CAP funds, and finally that work requirement for the receipt of welfare was prohibited. In 1990 the federal government introduced the “cap on CAP” which limited the size of the CAP transfer to the three richest provinces, Ontario, Alberta and British Columbia. After 1990 the federal government would limit their contribution to social assistance costs in those provinces to grow at 5% per year rather than cover 50% of costs. The “cap on CAP” was extended in 1991 to the end of 1995.

In the federal budget cutbacks that followed the 1993 election win of the Liberals, then Minister of Finance Paul Martin ended the federal government’s cost commitment to social assistance in Canada by replacing the Canada Assistance Plan (CAP) with the Canada Health and Social Transfer (CHST) in 1996. In that year CAP was eliminated and the CHST was introduced to replace it. The CHST was a block funding arrangement that included the transfers for health, another skyrocketing expenditure, as well as social assistance and other social expenditures. As Boychuk (2006) notes, the introduction of the CHST ended the pretence of the federal government ensuring uniform standards of social assistance provision. The only requirement regarding social assistance that remained in place in order to receive the new block funding was the prohibition on provincial residency requirements.

The shift to block funding essentially de-linked many federal-provincial cost sharing programs from the actual cost of the program to a set dollar figure increasing at the federally set rate. This meant that provinces were no longer spending “50-cent dollars” on social assistance. The replacement of CAP with CHST increased the incentive for provincial governments to reduce the cost of social assistance programs, as they would now capture the whole of any savings they could produce. Thus, the federal government brought stability to its own expenditures at the price of possibly introducing instability in the programs for which the CHST money was intended.

3. Fiscal Pressures

Richards (2005) notes that the 1980s can be characterized as a period during which provincial governments relaxed welfare eligibility requirements. This was particularly so in Ontario. The result was that for many years following the 1981-82 recession the economic expansion which

followed had only a minor impact on the percentage of the population collecting social assistance benefits.⁴ By the mid 1990s provincial governments were provided with financial incentives to seek cost-saving reforms to their social assistance programs. The impetus for seeking these cost savings came from a number of sources, all of which impacted upon provincial budgets in quick succession.

Increased Program Costs

The most direct source of pressure to seek cost-savings emanated from the social assistance programs themselves. The cost of providing social assistance was driven upward by the 1991 recession which contributed to a significant increase in the number of individuals receiving social assistance.

Figure 1 (below) presents measures of the number of recipients of social assistance as a percentage of population aged 17-64 years in Ontario (the province of Ontario is typically home to about 40% of all social assistance recipients in Canada) and in the rest of Canada.⁵ The rise and fall in the social assistance rate during and following recessions (in 1982/83 and in 1991/92) is particularly apparent in the rest of Canada series. In Ontario, the social assistance rate was significantly less sensitive than in the rest of the country to the economic expansion following the 1982/83 recession. It is also noteworthy that the social assistance rate was on an upward trajectory in Ontario prior to the 1991/92 recession. These patterns suggest that the increase in Ontario's social assistance rate during the early 1990s had to do with more than just the 1991/92 recession.

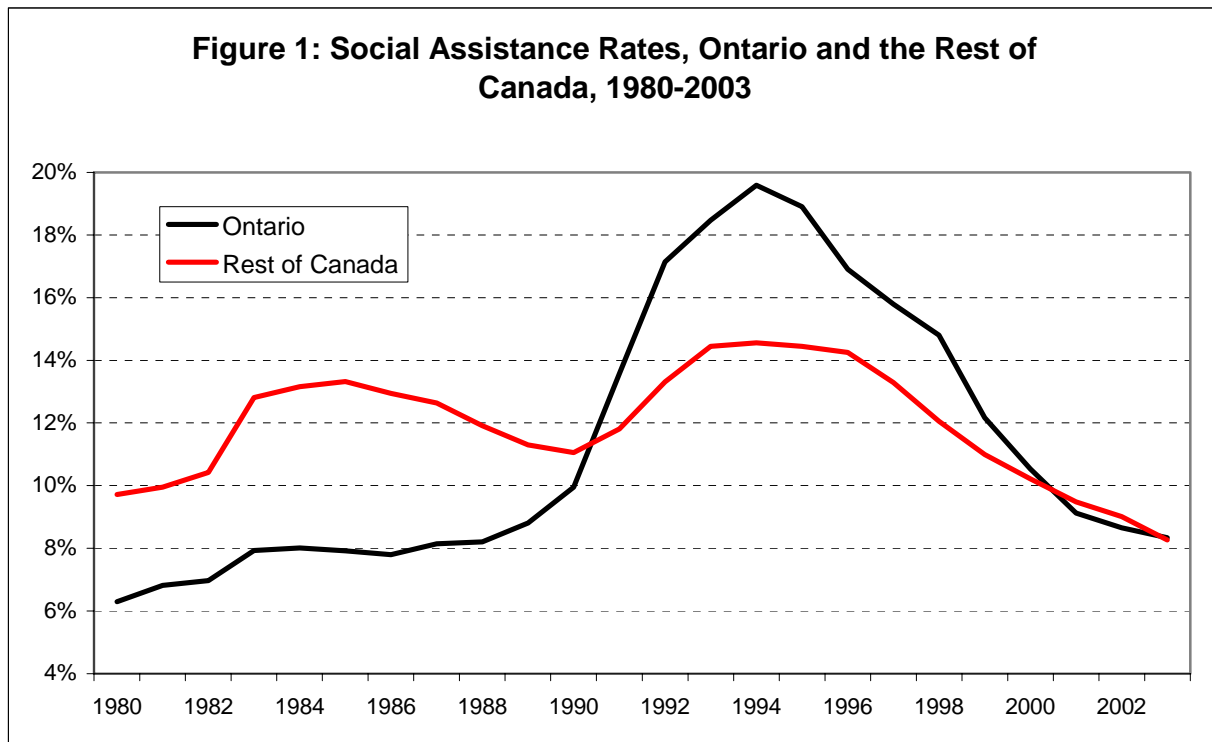
The rapid rise in the social assistance rate in Ontario also corresponds with reforms instituted in the late 1980s. In 1987, for example, the so-called "spouse in the house" regulation was relaxed to allow a man and woman to live together for three years before being required to show their relationship was non-spousal and so eligible to continue to collect benefits as two individuals. In 1989 further reforms were introduced based on recommendations made in a report prepared by the Social Assistance Review Committee (known as the *Transitions* report).⁶ These reforms resulted in increased allowances and incomes, extending drug benefits to those leaving welfare, and the Supports to Employment Program (STEP); a program that allowed recipients of social assistance to collect reduced benefits while earning employment income. While designed to encourage current social assistance recipients to seek employment and hopefully eventually transition off social assistance rolls, the STEP program was also used to determine eligibility of social assistance applicants. As a consequence, many of the so-called working poor now became eligible for social assistance and the cost of the program increased dramatically (Klassen and Buchanan (1997)). In 1991 further reforms made some special assistance mandatory, increased STEP funding, and eliminated compulsory home visits; changes which contributed to further

⁴ Klassen and Buchanan (1997) argue that changes in government programs in Ontario were responsible for sustaining a high caseload rate in the 1980s, when the provincial labour market was relatively strong.

⁵ Source of data sources are identified below. The variation shown in the rest of Canada data is driven mainly by the social assistance rates in Quebec and in British Columbia which are typically home to 28% and 12%, respectively, of all social assistance recipients in Canada.

⁶ The Social Assistance Review Committee was appointed by the Liberal government of David Peterson in 1988.

increases in the social assistance rate. Between 1989 and 1994, provincial government spending on social assistance grew dramatically from 7.6% to 13.3% of total program spending.⁷



The province of Quebec also introduced an expansion of benefits in the late 1980s and early 1990s. As reported in Table 1, in real dollar terms, between 1989 and 1994 social assistance benefits in Quebec increased by 48.2% to a single employable person, by 17.2% for a single parent with one child, by 5.3% for a couple with one child, and by 11.1% for a disabled person. The increase in the benefit rate accorded a single employable person was easily the largest increase introduced over this period; far larger than the second (13.8%) and third (12.0%) largest increases introduced in Ontario and British Columbia, respectively. The increase introduced for a single parent with one child was also the largest increases in Canada with Ontario and British Columbia again posting the second and third largest increases. The increase provided for a couple with two children was the third largest in Canada following British Columbia and Ontario. In Quebec, between 1989 and 1994, provincial government spending on social assistance grew from 7.6% to 10.2% of total program spending.

⁷ Data on provincial government spending is from Statistics Canada, CANSIM II Table 3850001.

Table 1: Social Assistance Benefits (2002 dollars)

	1989	1994	1996	2000	2003	Percentage Change	
						1989-1994	1994-2003
Newfoundland							
Single Employable	4,381	4,464	2,469	1,501	6,041	1.9%	35.3%
Single Parent, One Child	11,153	11,622	11,113	10,640	9,882	4.2%	-15.0%
Couple, Two Children	12,902	12,576	12,024	11,452	10,633	-2.5%	-15.5%
Disabled Person	8,825	8,576	8,200	7,872	7,303	-2.8%	-14.8%
Prince Edward Island							
Single Employable	7,997	7,272	5,116	5,047	5,028	-9.1%	-30.9%
Single Parent, One Child	11,025	11,030	9,990	8,650	8,482	0.0%	-23.1%
Couple, Two Children	16,421	16,436	14,506	13,186	12,247	0.1%	-25.5%
Disabled Person	9,308	9,092	8,038	7,654	6,603	-2.3%	-27.4%
Nova Scotia							
Single Employable	6,753	5,930	5,698	3,958	4,211	-12.2%	-29.0%
Single Parent, One Child	10,806	10,580	10,160	9,089	7,784	-2.1%	-26.4%
Couple, Two Children	13,745	12,528	13,086	11,640	10,663	-8.9%	-14.9%
Disabled Person	8,890	8,582	8,243	7,754	7,255	-3.5%	-15.5%
New Brunswick							
Single Employable	3,264	3,112	3,023	2,861	2,678	-4.6%	-14.0%
Single Parent, One Child	8,848	8,925	9,242	8,953	8,386	0.9%	-6.0%
Couple, Two Children	9,572	9,966	10,340	10,230	9,575	4.1%	-3.9%
Disabled Person	8,551	6,354	6,259	6,047	5,660	-25.7%	-10.9%
Quebec							
Single Employable	4,120	6,104	5,862	5,528	5,485	48.2%	-10.1%
Single Parent, One Child	10,009	11,728	11,263	9,357	9,020	17.2%	-23.1%
Couple, Two Children	13,071	13,758	13,212	10,899	10,511	5.3%	-23.6%
Disabled Person	7,406	8,229	8,078	8,042	7,929	11.1%	-3.6%
Ontario							
Single Employable	7,288	8,294	6,332	5,980	5,558	13.8%	-33.0%
Single Parent, One Child	13,078	15,039	11,483	10,015	8,902	15.0%	-40.8%
Couple, Two Children	16,504	19,486	14,837	12,563	10,866	18.1%	-44.2%
Disabled Person	10,522	11,421	11,027	10,353	9,622	8.6%	-15.8%
Manitoba							
Single Employable	6,769	6,411	5,879	5,099	4,944	-5.3%	-22.9%
Single Parent, One Child	10,077	9,656	9,487	8,739	8,341	-4.2%	-13.6%
Couple, Two Children	16,033	16,685	14,793	13,322	12,043	4.1%	-27.8%
Disabled Person	7,361	7,949	7,746	7,733	6,493	8.0%	-18.3%
Saskatchewan							
Single Employable	5,464	5,739	5,535	5,061	4,968	5.0%	-13.4%
Single Parent, One Child	11,161	10,344	9,974	8,469	7,630	-7.3%	-26.2%
Couple, Two Children	15,485	14,747	14,223	12,060	10,846	-4.8%	-26.5%
Disabled Person	8,904	8,251	8,187	7,397	7,182	-7.3%	-13.0%
Alberta							
Single Employable	5,257	4,593	4,456	4,330	4,118	-12.6%	-10.3%
Single Parent, One Child	9,858	8,929	8,663	8,051	7,414	-9.4%	-17.0%
Couple, Two Children	14,524	14,058	13,781	12,453	11,125	-3.2%	-20.9%
Disabled Person	6,502	6,380	6,209	6,625	6,420	-1.9%	0.6%
British Columbia							
Single Employable	6,217	6,963	6,181	5,641	5,204	12.0%	-25.3%
Single Parent, One Child	11,231	12,554	12,061	10,181	8,657	11.8%	-31.0%
Couple, Two Children	14,027	16,008	15,382	12,549	10,489	14.1%	-34.5%
Disabled Person	8,579	9,795	9,413	8,591	7,975	14.2%	-18.6%

Source: National Council of Welfare (2006). NCW provides real values deflated by the national Consumer Price Index. The data reported in the table have been deflated using provincial values of the CPI.

As the rankings discussed in the previous paragraph suggest, British Columbia was, along with Ontario and Quebec, one of three provinces which introduced rather large increases in the real value of social assistance benefits during the late 1980s and early 1990s. In terms of the level of benefit, in 1994 British Columbia offered the second highest levels of benefits; second only to Ontario. Despite large increases in the real value of benefits and an increase in the social assistance rate from 9.3% to 12.3%, between 1989 and 1994 provincial government spending on social assistance in British Columbia actually fell from 9.7% to 8.9% of total program spending. This was due to very rapid growth in program spending overall. Between 1989 and 1994, provincial program spending increased by over 62% in British Columbia; almost twice the provincial average (32%). Had program spending increased at the average provincial rate, spending on social assistance in British Columbia would have grown from being equal to 9.7% of total spending in 1989 to 10.9% in 1994.

The increase in benefits in Ontario, Quebec, and British Columbia, in conjunction with the 1991/92 recession drove social assistance rates higher in those three provinces. In terms of budget shares, social assistance increased quite dramatically in Ontario and Quebec and would have done so as well in British Columbia but for a very rapid rate of growth in total spending in that province. The share of spending on social assistance grew in other provinces (from an average of 6.9% of total program spending in 1989 to an average of 7.3% in 1994) but to a much lesser extent. The increase was smaller because, as Table 1 shows, the other provinces introduced either much smaller increases or actually decreases in the real value of benefits.

Rising Deficits, Debt, and Debt Servicing Costs

A second impetus for seeking cost savings emanated from the fact provincial governments were feeling the effects of having previously accumulated substantial amounts of public debt. In Canada, as in most western economies, economic slowdowns and rising interest rates placed strains on government finances during much of the 1990s. A vicious circle of slowly growing tax bases, rapidly increasing debt servicing costs, accumulating debt, and further increases in debt servicing costs had taken hold of government finances. Breaking the vicious cycle demanded of governments that they implement fiscal retrenchments in form of increased tax rates, lower levels of government spending, or some combination of these choices.

By the mid-1990s the debt-to-GDP ratio at the federal level and in all provinces had continued to grow despite efforts by many governments to rein in their debts by adjusting spending and tax rates in ways that moved their budgets into a primary surplus position. Voter resistance to tax increases made clear to politicians of all stripes that cutbacks to government programs were to be the main avenue by which they would be able to gain control of growing public debt.⁸ Public support for fiscal restraint was also evident by the election wins of those who promised to avoid

⁸ This resistance to further increases to tax bases is consistent with the argument of analysts such as Lipset (1968) who suggest that public support for redistributive policies wanes with downturns in the economy as such downturns heighten class conflict. Since economic downturns reduce tax bases they demand the spending of political capital required to change tax rates. Given the preponderance of progressive tax systems, such changes tend to pit income classes against one another more severely than during economic expansions that generate tax revenue without the need to increase tax rates. Thus, political support for social assistance may fall during economic contractions. See Blekesaune (2006) for empirical measures of this influence.

deficits “come hell or high water” (federal Minister of Finance Martin) and to decrease spending as the major vehicle by which deficits would be tackled (Premiers Klein in Alberta and Harris in Ontario).

Cuts to Intergovernmental Transfers

Finally, in addition to the stresses brought about by high debt, high debt servicing costs, and steadily growing health care financing costs, provincial budgets were squeezed still further by the decision of the federal government to respond to its own fiscal crisis by reducing the size of its transfers to the provinces. Coincident with the replacement of CAP with the CHST in 1996, the federal government introduced large cuts to the size of its cash transfers to the provinces and territories.⁹ Over the period 1995-97, federal cash transfers to the provinces were reduced by 34% in real per capita terms.¹⁰

In sum, hemmed in by economic conditions that slowed revenue growth and increased debt servicing costs, cuts to intergovernmental transfers, taxpayer resistance to further tax rate increases, changes in the size and design of federal transfers intended to defray the cost of social assistance programs, and rapidly increasing health care financing costs, provincial governments were forced to make hard choices. These tight and tightening constraints exposed all government programs to close scrutiny and political challenge. Difficult economic choices would need to be balanced against what was politically feasible. Into this cauldron was mixed the election of a number of provincial governments whose stated preferences and positions were such to put them on the right of the political spectrum. These governments, like any government dealing with a tight and tightening budget constraint, were required to prioritize program spending by identifying those programs of lower priority to their supporting political constituency.

4. Responses to Fiscal Pressures

As reported in Table 1, one response of provincial governments was to allow the real value of social assistance benefits to fall. In three of the four categories Ontario introduced the largest cuts to benefits over the period 1994-2003 but British Columbia was a close second. It is important to note, however, that over this period *all* provinces introduced very large cuts to the real value of benefits. In terms of budget shares, spending on social assistance fell from 13.3% of program spending in Ontario in 1994 to 6.6% in 2003. In Quebec the share fell from 10.2% to 7%, in British Columbia from 8.9% to 5.2%, and the average for the remaining provinces was a fall from 7.3% to 5.1% of program spending. The period 1994-2003, then, was witness to a substantial retrenchment vis-à-vis spending on social assistance.

Cuts to social assistance benefits were not the only response of policy-makers to the need to reduce expenditures. A number of important changes were also introduced affecting the administrative process by which applicants could be judged eligible for obtaining and continuing

⁹ The introduction of the CHST saw the elimination not only of CAP but also of federal transfers to the provinces in the form of post-secondary grants, contributions under the hospital insurance act, and a health resource fund.

¹⁰ Calculated using total federal transfers to provinces and territories (Statistics Canada CANSIM II series v691266) less federal transfers via taxation agreements (v691272) divided by the all-items CPI and population for Canada.

to receive social assistance. The most important of these changes were introduced in Ontario, Alberta, and British Columbia.

Ontario

By 1991, costs of providing social assistance were skyrocketing in Ontario in part due to the earlier reforms and in part due to the aftermath of the recession. In response, some of the policies suggested by the *Transitions* report were partially reversed; by 1992 the STEP program was reduced and in 1993 some mild reforms aimed at increasing monitoring and reducing special assessments were introduced. In 1994, when the social assistance rate had peaked, the employment program *Joblink* was established, and STEP further reduced.¹¹

In 1996, following the election of Mike Harris as Premier in the previous year, Ontario introduced a number of changes to the process by which social assistance was provided, including the introduction of snitch-lines, and crack-downs on common-law relationships. In 1997 the provincial government contracted with Anderson Consulting to change the way in which applications for social assistance were processed. Applications would now be processed via telephone pre-screening and an “interactive voice response” system, changes which undoubtedly proved more challenging to those with poor language skills and/or low educational attainments than the old process by which applicants were guided through the process by staff. The administrative culture by which social assistance was provided in Ontario changed following the election of Harris and social assistance became a high-profile partisan issue.

In mid-1998, the *Ontario Works* program was introduced. The *Ontario Works* program was aimed at moving those currently on social assistance into paid employment via the shortest possible route through its Employment Assistance program.¹² While caseload numbers had fallen considerably by 2000, the pressure was kept up to keep them low. Thus, in 2000 a new funding model was introduced to Ontario Works that provided financial incentives to local agents to move their social assistance clients to employment, and in 2001 mandatory drug and literacy testing was introduced.

From 1996 onward there was in Ontario what Herd, Mitchell, and Lightman (2005) have identified as “the reinvention of administration towards the micro-regulation of job search and personal behaviour and the deterrence of welfare receipt as applicants and recipients (were) bureaucratically disempowered.” In the judgement of these and other analysts, as well as those tasked with implementing the program at the local level, the process was criticized for restricting entry and denying benefits through excessive requests for information and a complicated application process.¹³ However, as HRDC (2000) suggests, this was the intent; processes like these are intended to “scare” people away from applying for social assistance.

¹¹ See National Council of Welfare (1997) for detailed discussion of these reforms and changes.

¹² Participation in the Employment Assistance program was compulsory for the vast majority. The goal of finding employment was via three routes; Employment Support, the purpose of which was to aid the search for jobs; Employment Placement, which matched people with job vacancies; and Community Placement, a work-fare program in which social assistance recipients were placed with non-profit agencies and community groups

¹³ See Lightman, Herd, and Mitchell (2006) and Herd, Mitchell and Lightman (2005) for useful descriptions of the details of the Ontario Works program and for interviews of those at the local level who applied the program.

British Columbia

Changes to social assistance programs in British Columbia began in 1996 following a narrow election victory of the NDP over the avowedly conservative Liberal party lead by Gordon Campbell; a victory in which the NDP won the majority of seats while losing on the popular vote. Under pressure to respond to this political challenge, the NDP-led government introduced changes that included lower benefits, a reduction in asset exemption levels, and a stricter set of eligibility requirements. New requirements also included demands for recipients to provide proof of job search under threat of losing benefits, cheque line-ups (as opposed to mail) to collect benefits, and the creation of new administrative positions designated to search for fraud in the system. Attempts at reform even included a short-lived attempt in 1996 to impose residency requirements on those seeking social assistance; a policy that violated the provisions of the Canada Assistance Plan. In 2001, the Liberals under Campbell won a majority government. While it would not be until 2003 that this government would reduce benefits further and impose still further penalties on those failing to show proof of looking for employment, it would appear safe to say that the reforms introduced in 1996 under the NDP were not lessened under the Liberals.

It is important to note that the post-1995 reforms followed a period, from 1991-1995, when social assistance in BC was under the guidance of a Minister who emphasized an administrative culture designed to serve “clients” rather than police welfare use (Boessenkool, 1997). The post-1995 reforms therefore denoted a marked change from what was the previous experience.

Alberta

In Alberta, rule changes came sooner than in Ontario and British Columbia. Boessenkool (1997) notes that policy changes were first introduced in 1993. He suggests that they consisted of two key changes. One was a change in the administrative culture at the Department of Family and Social Services.¹⁴ First-time applicants were routinely turned away until they had exhausted all other sources of support and so the reduction in the social assistance rate was mainly due to a reduction in the number of new recipients.¹⁵ Boessenkool (1997) emphasizes that the reduction in the percentage of Alberta’s population collecting social assistance was not the result of pushing people out but of making it tougher to get in. The second change was a reduction in benefits, particularly to single employables, to bring them in line with the wages earned by lower-income Albertans. Allen (1997) emphasizes that increasing the discretion of caseworkers was also an important change in Alberta. He argues that the move from a rules-based system to one where caseworkers have the discretion to interview, investigate and check information given them by applicants is important for avoiding fraud and discouraging reliance on social assistance.

The governing party in Alberta was Conservative throughout our sample period. The reforms to Alberta’s social assistance program were initiated during the first term of Premier Ralph Klein and there is no evidence to suggest these reforms being reversed during his time in office (1993-

¹⁴ HRDC (2000) reports administrators as suggesting this change in culture was facilitated by the explicit commitment of the Premier and the Minister of Social Services to reforming the manner in which social assistance was awarded.

¹⁵ Boychuk and McIntosh (2000) come to a similar conclusion.

2006). As is the case for Ontario and British Columbia, it is important to note that the reforms instituted in Alberta after 1993 contrasted sharply with the regime for providing social assistance prior to that time.

5. Evaluating the Determinants of Social Assistance Rates

Our goal in this section is to identify the separate influences of three broad determinants of social assistance rates; the state of the economy, the relative generosity of social assistance benefits, and the rules, regulations, and process – the administrative culture – of the program. Our data set defines a time series of annual data for the period 1989-2003 for a cross-section of Canada's ten provinces.

The dependent variable in our analysis, $SA_{i,t}$, measures the number of social assistance cases as a percentage of the population aged 17 to 64 years in province i in year t .¹⁶ This *social assistance rate* therefore measures the prevalence of social assistance use amongst the eligible provincial population.

Explanatory variables measure four broad influences on the social assistance rate: Labour market conditions, alternative income possibilities, persistence, and the effects of changes to the design and delivery of social assistance programs (changes in administrative culture). Given our relatively short time series and use of annual data, our model is intentionally sparse.

$UR_{i,t}$ measures the unemployment rate of males aged 25-54 years in province i in year t . This variable is meant to measure the influence on the social assistance rate of labour market conditions. As the unemployment rate increases, we would expect the social assistance rate to increase both because of an increase in the flow of the previously employed into unemployment and because of a reduction in the flow of the previously unemployed into employment.¹⁷ Our use of the unemployment rate for males aged 25-54 years is intended to minimize concerns about an endogeneity problem whereby changes in the social assistance rate influence the aggregate unemployment rate.

¹⁶ Data on social assistance use in Canada comes from two sources. One is a dataset collected from provincial governments in response to demands for information required to receive federal transfers under the now-defunct Canada Assistance Program (CAP). The other is available from the Survey of Labour Income and Dynamics (SLID) conducted by Statistics Canada. See Kapsalis (2001) and Warburton and Warburton (2004) for descriptions and comparisons of these two datasets. White (2006) examines these data closely and concludes that the CAP data is the more reliable. While recognizing that changes in policy, both over time and across provinces, may produce significant breaks in trends and provincial comparisons, White nonetheless argues that one ought to expect a good deal of persistence in the number of people on social assistance and a certain commonality of movement across provinces. The CAP data clearly satisfy these expectations more so than do the SLID data. What we are calling CAP data are used by the National Council of Welfare and are generally preferred by researchers. These data are available on-line from HRDC (2005). Data on provincial population aged 17-64 years is from Statistics Canada, CANSIM II Table 510001.

¹⁷ Data on provincial unemployment rate, males aged 25-54 years, from Statistics Canada CANSIM II Table 2820002. Based on our discussion of the interdependence of the federal EI program and provincial social assistance programs, we experimented with using a variable measuring the duration of unemployment in place of the unemployment rate. The measure of duration proved to have a similar impact as the unemployment rate.

$SAB_{i,t}$ measures the natural logarithm of the real value of the social assistance benefit in province i in year t and is meant to measure the influence on the social assistance rate of the level of income support available to those on social assistance.¹⁸ We should expect a positive influence of this variable on the social assistance rate: An increase in the level of income received while on social assistance may, *ceteris paribus*, attract onto social assistance those who might otherwise choose employment and may encourage those on social assistance to remain rather than take employment.

$LQ_{i,t}$ measures the natural logarithm of the real value of the market income earned by those in the second quintile of the earned income distribution in province i in year t .¹⁹ This variable is meant to measure the influence on the social assistance rate of the level of income earned by those most likely, *ceteris paribus*, to move between employment and social assistance. $LQ_{i,t}$ also measures the income which is potentially available to those currently collecting social assistance. We should expect a negative influence of this variable on the social assistance rate since as the reward for employment increases we would expect those currently collecting social assistance to realize an increased incentive to move into employment.

$SA_{i,t-1}$ measures the lagged value of the social assistance rate. It is included as an explanatory variable in consideration of influences that manifest themselves in the social assistance rate showing a good deal of persistence. There are a number of reasons why we might expect independent variables $UR_{i,t}$, $SAB_{i,t}$, and $LQ_{i,t}$ to influence the social assistance rate only with a lag. As noted earlier, those who lose employment typically first apply for federally-funded EI benefits and only when those benefits are exhausted will they move to provincially-funded social assistance. This lag can be upwards of a year. Further, applications for, and the processing of, social assistance claims imposes an additional lag. How to best model the dynamics of the evolution of social assistance rates is a matter of debate in the literature. Blank (2002) favours parsimony with respect to dynamics arguing that extensive lag structures leave little scope for measuring policy effects based on simple dummy variables (as we do here). Klerman and Danielson (2004), who have access to monthly data and relatively fine measures of changes in social assistance administration, are critical of such assumptions arguing that the dependence of caseloads on lagged values of dependent variables will likely vary by variable. White (2006) investigates dynamic specifications employing lagged values of independent variables but judges them to be inferior to those containing lagged dependent variables.

Finally, ON , AB , and BC define dummy variables which identify years during which provincial governments in Ontario, Alberta, and British Columbia, respectively, introduced changes to the processes, rules, and regulations guiding the provision of social assistance in those provinces. Based on our discussion in the previous section, these variables take on the value of zero for all years but 1996-2003 in Ontario and British Columbia, and 1993-2003 in Alberta. These dummy variables each define two periods; a period of relatively relaxed administration of the rules

¹⁸ Data on social assistance benefits are from National Council of Welfare (2005), as reported in Table 1. In our regression analysis we employ a benefit rate which is a weighted average of the rate paid to each of four demographic groups. On the basis of Table 1 in National Council of Welfare (1998) this average is calculated by weighting the benefits paid to single employables (50%), person with disability (10%), lone parent, one child (25%), couple, two children (15%). Barrett and Cragg (1998) similarly report that in British Columbia the majority of welfare spells are experienced by single men and women without children.

¹⁹ Data is from Statistics Canada CANSIM II Table 2020701. These data are measured in real 2002 dollars.

governing the social assistance regime in that province and a period of relatively strict administration. The estimated coefficient on these dummies, then, will measure the impact on social assistance rates of the *change* in this administrative milieu and so reflect the influence not only of strict administration but also the impact of the previous relatively lax administration.

Our use of dummy variables to identify changes in administrative procedures suggests that it is appropriate to try to identify only substantial changes in such procedures. As noted, we have identified such substantial changes as having occurred in Ontario, Alberta, and British Columbia. This is not to say that other provincial governments did not institute changes to their administrative procedures. On the contrary, we know that other provincial governments -- indeed, all provincial governments -- did introduce such changes to varying degrees. Our review of these changes, however, suggests that only the governments of Ontario, Alberta, and British Columbia introduced very substantial and sweeping changes to the administration of their social assistance programs.²⁰

Our estimating equation is given by;

$$SA_{i,t} = \alpha_0 + \beta_i + \alpha_{1,i}UR_{i,t} + \alpha_{2,i}SAB_{i,t} + \alpha_{3,i}LQ_{i,t} + \alpha_4ON + \alpha_5AB + \alpha_6BC + \alpha_7SA_{i,t-1} + \varepsilon_{i,t}$$

We recognize the possibility that there exist unmeasured influences on the social assistance rate.²¹ To the extent these factors are province-specific and time invariant we capture their influence with the use of a fixed effects specification (shown by the β_i term).

Estimation of this model raises a number of econometric and specification issues. In particular, assuming provincial fixed effects in conjunction with our assumption of persistence in social assistance rates (and, hence, a lagged dependent variable in our regression) creates the difficulty that the estimated coefficient on the lagged dependent variable will be biased. That is, the OLS estimate of the coefficient on the lagged dependent variable will be biased due to the lagged dependent variable's correlation with the fixed effect term: Since $SA_{i,t-1}$ is a function of β_i so too is $SA_{i,t}$. Arellano and Bond (1991) suggest an instrumental variable approach to deal with this problem. The method takes advantage of the fact that higher orders of the lagged dependent variable ($SA_{i,t-2}$, etc) are uncorrelated with the residuals and so can be used as instruments for $SA_{i,t-1}$.

Another econometric issue concerns estimation of the standard errors of the regression coefficients. Standard errors will be inefficient if the error term in the regression is heteroskedastic; that is, if the variance of the error term is not constant either over time or across panels. The use of panel-corrected standard errors (PCSE) is a response to this potential issue.

²⁰ For a review of changes to administrative procedures in all provinces, see White (2006) and National Council of Welfare (2002). Our decision to attribute a policy change to a province only if the new policy regime represented a substantial break with previous administrative policies follows Klerman and Danielson (2004).

²¹ A potential influence is the difference in how the federal EI program operates across provinces. Tighter eligibility rules in relatively low-unemployment provinces force those who lose their job onto social assistance more quickly than in provinces with relatively high unemployment rates. We experimented with a variable measuring the generosity of EI benefits but it proved to be statistically insignificant.

Table 2 presents estimated coefficients. The first column of results is based on OLS estimation and assuming no fixed effects. The second column of results is again OLS but allows for fixed effects. A comparison shows that the fixed effects specification matters, particularly for determining the magnitude of the coefficient on the unemployment rate. The third column presents OLS estimates with the fixed effects specification and with panel-corrected standard errors. This correction has only very minor effects on standard errors. Finally, the fourth column shows estimates resulting from applying the general methods of moments (GMM) procedures suggested by Arellano and Bond (1991). These estimates identify a somewhat larger (and more precisely-measured) influence on the social assistance rate of changes to administrative procedures and a somewhat smaller coefficient on the lagged dependent variable.

Table 2: Regression Results

	OLS	OLS with Fixed Effects	OLS, Fixed Effects and PCSE	GMM
	(1)	(2)	(3)	(4)
<i>UR</i>	0.124 (0.023)*	0.364 (0.046)*	0.364 (0.045)*	0.233 (0.038)*
<i>log(SAB)x100</i>	0.032 (0.004)*	0.033 (0.006)*	0.033 (0.006)*	0.021 (0.006)*
<i>log(LQ)x100</i>	-0.008 (0.009)	-0.005 (0.009)	-0.005 (0.009)	-0.018 (0.004)*
<i>SA_{t-1}</i>	0.862 (0.030)*	0.748 (0.028)*	0.748 (0.028)*	0.647 (0.024)*
<i>ON</i>	-0.855 (0.329)*	-1.115 (0.363)*	-1.115 (0.329)*	-1.694 (0.281)*
<i>AB</i>	-0.776 (0.300)*	-0.842 (0.376)*	-0.842 (0.481)	-1.067 (0.356)*
<i>BC</i>	-1.110 (0.317)*	-1.021 (0.356)*	-1.021 (0.389)*	-1.880 (0.263)*
\bar{R}^2	0.950	0.971	0.971	

In each regression the dependent variable is the number of recipients of social assistance expressed as a percentage of the population of the province aged 17-64 years. There are 15 annual observations for each of 10 provinces. Standard errors are in brackets. An asterisk denotes a coefficient that is statistically different from zero at the 5% level or better. The estimated constant and fixed effects coefficients have been omitted from the table.

The econometric results are generally encouraging. Coefficients on independent variables are of the expected sign and most are statistically significant. Coefficients are also relatively robust to alternative specifications and adjustments. Finally, estimated coefficients are also of reasonable magnitude. We discuss each of these in turn, making use of the GMM estimates for this purpose.

The coefficient on the lagged dependent variable suggests there is a good deal of persistence in the social assistance rate. As a consequence, the full impact of a change in any independent variable will differ from the impact felt after just one year; an impact measured by the estimated

coefficients. The long-run impact of independent variables is measured by dividing the estimated coefficients by $(1 - \alpha_7)$.

The estimated coefficient on our measure of labour market tightness (the unemployment rate of males aged 25-54 years) is similar in size to that reported in U.S. studies. We estimate that a one percentage point increase in the unemployment rate increases the social assistance rate by 0.23 percentage points after one year and by about 0.82 percentage points over the long-term. Averaging across all provinces, this is roughly equivalent to a 10% increase in the number of social assistance recipients over the long-term. U.S. studies typically report that a one percentage point increase in the overall unemployment rate results in a 5 to 6% increase in the number of social assistance recipients after 2 to 4 years (Bell, 2001).²²

The natural logarithm of social assistance benefit (*SAB*) is positive, as expected, and has a value that indicates a one percent increase in the real value of social assistance benefits results in a 0.02 percentage point increase in the social assistance rate after one year and a 0.06 percentage point increase over the long-term.²³ Averaging across all provinces, the long-run response is roughly equivalent to a 0.73% increase in the number of social assistance recipients resulting from a one percent increase in the real value of the social assistance benefit.

The natural logarithm of the lowest quintile of earners was often negative, as expected, but its estimated coefficient was typically not statistically significant. In the preferred specification it took a value indicating that a one percent increase in earned income of the second quintile of earners reduced the social assistance rate by 0.018 percentage points after one year and 0.05 percentage points in the long-run. Averaging across all provinces, the long-run response is roughly equivalent to less than 0.6% increase in the number of social assistance recipients resulting from a one percent decrease in the real value of low incomes.

The dummy variables are statistically significant and large. They suggest that changes to the approach to administering social assistance programs in Alberta, Ontario and British Columbia reduced social assistance rates in those provinces by an average of 1.5 percentage points after one year and 4.4 percentage points in the long run. The statistical significance and the size of these estimates indicate that the rules for collecting social assistance introduced in Alberta, Ontario and British Columbia played a key role in determining social assistance rates in those provinces. It is important to note, again, that this response measures the impact of the change in administrative procedures from the earlier period. Thus, we are measuring more than the effects of imposing new procedures: We are also measuring the effect of replacing previous, possibly quite generous, procedures with new and more demanding administrative requirements. We cannot measure which had the greater impact on the social assistance rate; the removal of the old procedures or the introduction of the new.

²² In comparing these estimates it is useful to recognize that in Canada, provincial social assistance programs provide benefits to single individuals, single parents, and couples with children while U.S. state welfare programs are typically restricted to single parents. As reported in footnote 18, in Canada only about 25% of social assistance recipients are single parents. Canadian and U.S. studies, then, measure the response of two different populations.

²³ The size of this response is similar to that reported by Lemieux and Milligan (2005) who measure the employment response of less-educated men without dependent children to changes in social assistance benefits. They report that a one percentage point increase in benefits reduced employment by about 0.025 percentage points after one year.

Table 3 presents calculations showing what percentage of the change in the social assistance rate explained by our regression, from its peak value to its value in 2003, which was due to changes in each of our right-hand side variables. Thus, in British Columbia, the social assistance rate fell by 9.4 percentage points from its peak in 1994 (when it equalled 15.5%) to 2003. Of the amount explained by our regression, 11.2% of the fall was due to a fall in the unemployment rate, 9.0% was due to a fall in the real value of the social assistance benefit, 7.3% was due to an increase in the real value of earned incomes, and 72.5% was due to the change in administrative procedures. Figure 2 (below) shows the cumulative change in the social assistance rate in British Columbia by year.

Table 3: Percentage of Explained Change in Social Assistance Rate by Explanatory Variable

Province	Time Period	Change in Social Assistance Rate (percentage points)	Percentage of Explained Change in Social Assistance Rate due to a change in:			
			Unemployment Rate	Social Assistance Benefit	Earned Income	Administrative Procedures
British Columbia	1994-2003	-9.4	11.2%	9.0%	7.3%	72.5%
Alberta	1992-2003	-8.6	34.8%	16.5%	13.9%	34.9%
Ontario	1993-2003	-11.1	26.2%	17.9%	12.2%	43.7%
Rest of Canada	1995-2003	-6.0	49.0%	11.0%	40.0%	

By 2003 the social assistance rate in Alberta had fallen by 8.6 percentage points from its high of 11.4% in 1992. Of this fall explained by our regression, 34.8% was due to the fall in the unemployment rate, 16.5% was due to the fall in the real value of the social assistance benefit, 13.9% was due to increases in the real value of earned incomes, and 34.9% was due to changes in administrative procedures. Figure 3 shows the cumulative change in the social assistance rate in Alberta by year.

Ontario was witness to the largest decline in social assistance rate. By 2003 the rate had fallen by 11.1 percentage points from its high of 19.5% in 1993. Of this fall explained by our regression, 26.2% was due to a fall in the unemployment rate, 17.9% was due to the fall in the real value of the social assistance benefit, 12.2% was due to increases in the real value of earned incomes, and 43.7% was due to changes in administrative procedures. Figure 4 shows the cumulative change in the social assistance rate in Ontario by year.

Figure 2: Cumulative Sources of Change in the Social Assistance Rate, British Columbia, 1994-2003

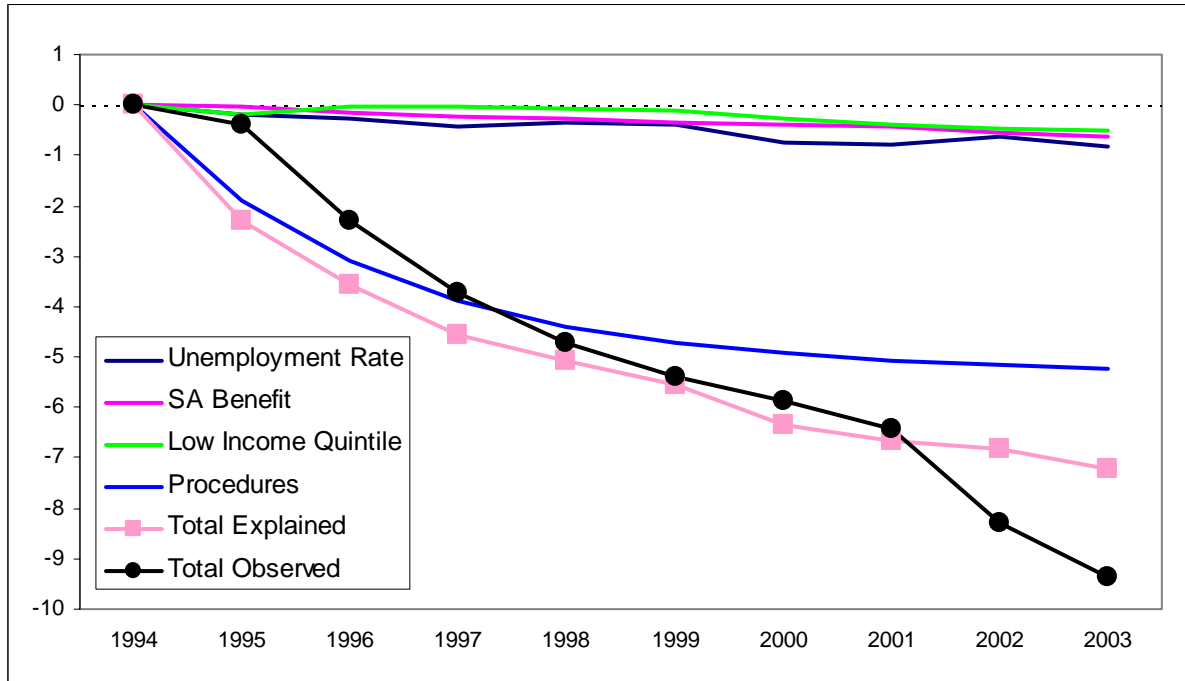


Figure 3: Cumulative Sources of Change in the Social Assistance Rate, Alberta, 1992-2003

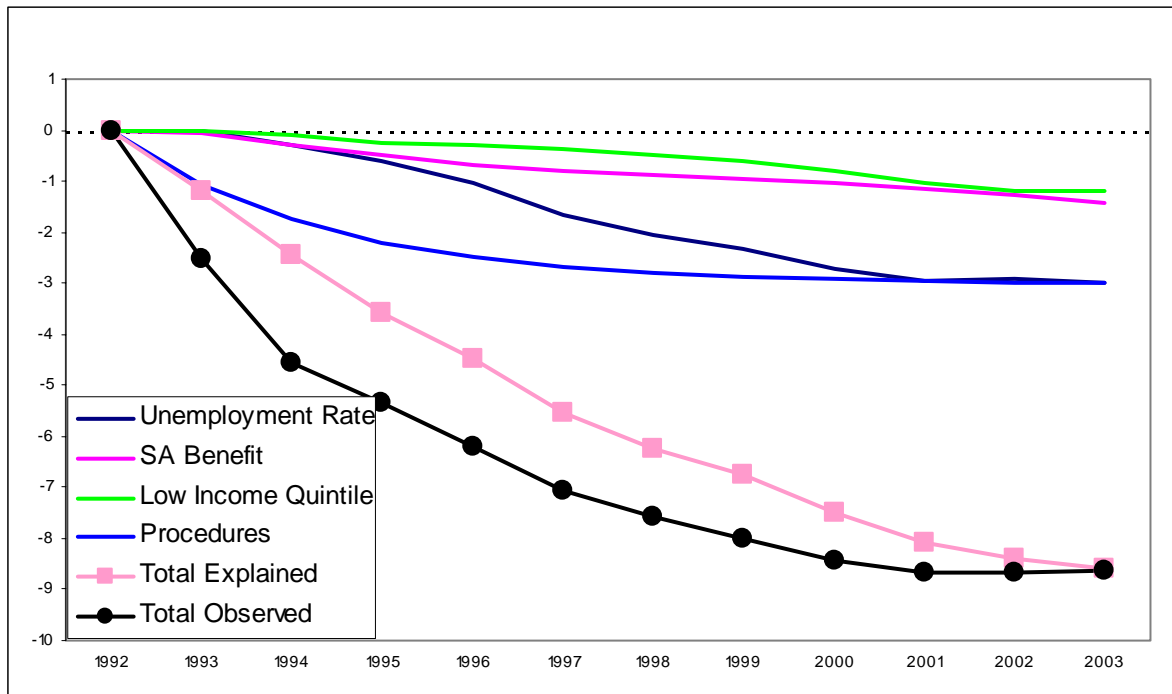
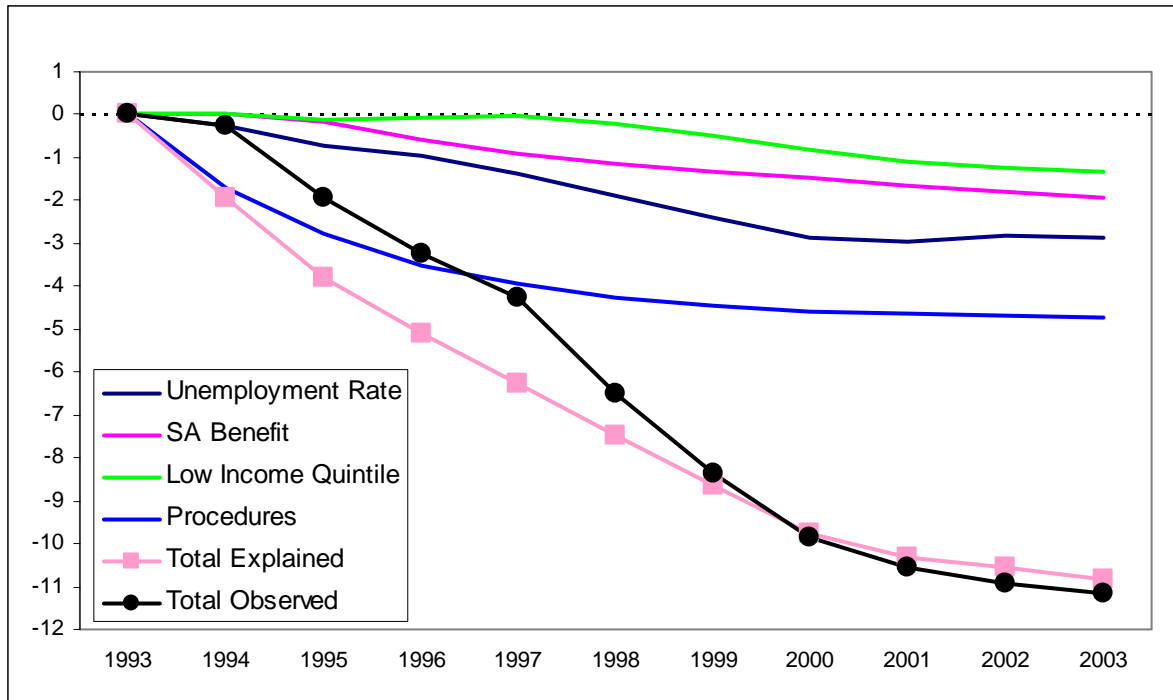


Figure 4: Cumulative Sources of Change in the Social Assistance Rate, Ontario, 1993-2003



In the three provinces which introduced the most significant changes administrative procedures, the state of the economy, as measured by the responses to changes in labour market tightness and changes in earned income, accounted for between 20% and 50% of the reduction in the social assistance rate. Thus, the state of economy deserves “credit” for a sizable amount of the fall in the social assistance rate in those three provinces.²⁴ Reductions in the real value of the social assistance benefit accounted for another 9% to 18% of the fall in the social assistance rate. Changes in administrative procedures account for between one-third and three-quarters of the fall in the social assistance rate.

In the rest of Canada, the fall in the social assistance rate – from a high of 16.2% in 1995 to 10.2% in 2003 – was less dramatic than in the three provinces which introduced the most significant changes to administrative procedures. In the rest of Canada, the most important source for the fall in the social assistance rate was the state of the economy, as measured by the unemployment rate and earned income. Cuts to the social assistance benefit also played a role explaining 11% of the decline in the social assistance rate.²⁵

²⁴ In his survey of U.S. studies, Bell (2001) reports a similarly wide range of estimates for the influence of the state of the economy; from 10% to 80%. Klerman and Danielson (2004) attribute about one-quarter of the decline in U.S. caseloads to the economy.

²⁵ The contribution of the unemployment rate, the social assistance benefit, and the low earned income variable to changes in the social assistance rate in the rest of Canada was determined by applying a weighted average of those variables in the seven other provinces to the estimated regression coefficients. The weights reflect the average number of social assistance recipients in each province over the sample period relative to that average number in the seven provinces over the same period.

Our results are similar to those reported in other Canadian studies. Boessenkool (1997), for example, estimates that roughly 50% of the decline in the social assistance rate in Alberta was due to a change in administrative procedures and cuts to social assistance benefits. Our estimate of the combined impact of these influences is almost exactly the same. A booming economy explained the rest. In a more recent study, Richards (2007) uses a difference-in-difference model to identify the effect on provincial social assistance rates of the administrative reforms and cuts to social assistance rates introduced in Ontario, Alberta, and British Columbia. He reports that these changes explain 80% of the fall in welfare utilization in Alberta and about 50% of the decline in Ontario. His measure of these influences for British Columbia suggests a somewhat smaller influence and one with a much wider confidence interval.

6. Conclusions

The goal of this paper was to offer a contribution to the literature which examines the impact of welfare reform on the fraction of the population on social assistance. We use Canadian data to examine this issue and rely on a confluence of events which in the 1990s demanded of Canadian provincial governments that they re-consider the design of their social assistance programs. Three of those provinces in particular introduced significantly tighter eligibility rules and administrative procedures. Our results suggest that those changes in eligibility rules and administrative procedures played a significant role in reducing social assistance rates in those provinces. We caution, however, that these estimated influences measure not just the implication of the new rules and procedures but also the fact they replaced those that were relatively relaxed. Thus, it would not necessarily be the case that similarly strong responses might be realized in other jurisdictions.

We think it is also worth emphasizing that reductions in the real value of social assistance benefits have had a relatively small influence on the fraction of the population collecting social assistance. As reported in Table 1, the provinces introduced very large reductions in the real value of benefits but we estimate that this policy action was responsible for only 10% to 20% of the fall in the social assistance rate. Put another way, even a 10% increase in the real value of social assistance benefits would increase the percentage of the population aged 17-64 years by only 0.6 percentage points. An implication of this relatively small response to a substantial change in benefits is that policymakers need not worry unreasonably that increasing the real value of the benefits paid to those on social assistance will cause a flood of new applicants.

Finally, our results show that the state of the economy had a significant role to play in the reduction in the social assistance rate over our sample period. In the three provinces we considered most closely, improvements in the economy explained 18% (British Columbia), 38% (Ontario), and 49% (Alberta) of the fall in the provincial social assistance rate. Those results reminds us that social assistance remains quite sensitive to the state of the economy and that the fall in the social assistance rate enjoyed during the boom years of the late 1990s and early 2000s will have their counterpart in rising rates come the next economic downturn.

References

- Allen, D. (1997) "Family and Social Services, the Alberta Deficit Elimination Program and Welfare Reform: Comment", in C. Bruce, R. Kneebone, and K. McKenzie (editors) *A Government Reinvented: A Study of Alberta's Deficit Elimination Program*, Oxford University Press.
- Arellano, M. and S. Bond (1991) "Some Tests of Specification for Panel Data: Monte Carlo Evidence and an Application to Employment Equations", *Review of Economic Studies*, Volume 58: 277-97.
- Armitage, A. (2003) *Social Welfare in Canada*, Toronto: Oxford University Press.
- Barrett, G. and M. Cragg (1998) "An Untold Story: The Characteristics of Welfare Use in British Columbia", *Canadian Journal of Economics*, Volume 31, No. 1, pp. 165-88.
- Bell, Stephen H. (2001) "Why Are Welfare Caseloads Falling?" (Washington: The Urban Institute.)
- Blank, R. (2001) "What Causes Public Assistance Caseloads to Grow?", *The Journal of Human Resources* 36 (1): 85 – 118.
- Blank, R. (2002) "Evaluating Welfare Reform in the United States", *Journal of Economic Literature*, Volume XL, No. 4, December, pp. 1105-66.
- Blekesaune, M. (2006) "Economic Conditions and Public Attitudes Toward Welfare State Policies", *Institute for Social and Economic Research*, Working Paper 2006-45.
- Boessenkool, K. (1997) "Back to Work: Learning from the Alberta Welfare Experiment", *C.D. Howe Institute Commentary* No. 90, April.
- Boychuk, G. (1998) *Patchworks of Purpose; The Development of Provincial Social Assistance Regimes of Canada*, Montreal: McGill-Queens University Press.
- Boychuk, G. (2006) "Slouching Toward the Bottom? Provincial Social Assistance Provision in Canada, 1980-2000" in Kathryn Harrison (editor) *Racing to the Bottom? Provincial Interdependence in the Canadian Federation*, UBC Press.
- Boychuck, G. and T. McIntosh. (2000) "Dis-Covered: EI, Social Assistance and the Growing Gap in Income Support", in Tom McIntosh (editor) *Federalism, Democracy and Labour Market Policy in Canada*, School of Policy Studies Queens University, McGill-Queens University Press.
- Herd, D. A. Mitchell, and E. Lightman (2005) "Rituals of Degradation: Administration as Policy in the Ontario Works Programme", *Journal of Social Policy and Administration*, Volume 39, No. 1.

HRDC (2000), *Reconnecting Social Assistance Recipients to the Labour Market: Lessons Learned*, Evaluation and Data Development, Strategic Policy, March.

HRDC (2005), *Social Security Statistics Canada and Provinces 1978-79 to 2002-03*, <http://www.hrsdc.gc.ca/en/cs/sp/sdc/socpol/tables/page02.shtml>

Kapsalis, C. (2001) "An Assessment of EI and Reporting in SLID." Catalogue No. 11F0019M1E-01-166. Ottawa: Statistics Canada and Data Probe Economic Consulting Ltd.

Klassen, T. and D. Buchanan (1997) "Getting it Backward? Economy and Welfare in Ontario 1985-1995," *Canadian Public Policy*, Volume 23, No. 3, pp. 333-38.

Klerman, J. and C. Danielson (2004), "Why Did the Welfare Caseload Decline?", RAND Labor and Population Working Paper Series, No. WR-167.

Lemieux, T. and K. Milligan (2005) "Incentive Effects of Social Assistance: A Regression Discontinuity Approach", Department of Economics, University of British Columbia, August.

Lightman, E., D. Herd, and A. Mitchell (2006) "Exploring the Local Implementation of Ontario Works", *Studies in Political Economy*, Volume 78, Autumn.

Lipset, S. (1968) *Revolution and Counterrevolution*, London: Heinemann.

Mead, L. (2003) "Welfare Caseload Change: An Alternative Approach", *The Policy Studies Journal*, Volume 31, No. 2.

National Council of Welfare (1997) *Another Look at Welfare Reform*, Minister of Public Works and Government Services, Canada.

National Council of Welfare (1998), *Profiles of Welfare: Myths & Realities*, Report No. 101, <http://www.newcnbes.net/documents/researchpublications/OtherPublications/1998Report-ProfilesOfWelfare/ReportENG.htm>

National Council of Welfare (2006) *Welfare Incomes 2005*, Minister of Public Works and Government Services, Canada.

Richards, J. (2005) "Canadian Anti-Poverty Policy: A Qualified Three-Point Agenda", Simon Fraser University at Harbour Centre, Centre for Public Policy Research.

Richards, J. (2007) "Reducing Poverty: What has Worked, and What Should Come Next", *C.D. Howe Institute Commentary*, No. 255, October.

Warburton, R. and W. Warburton (2004) "Canada Needs Better Evidence-Based Policy: Inconsistencies Between Administrative and Survey Data on Welfare Dependence and Education", *Canadian Public Policy* 30(3): 241-255.

White, K. (2006) *The Economic and Political Determinants of Provincial Social Assistance Rates in Canada*, Masters of Arts Thesis, University of Calgary, January.