

ARE CANADIAN AND U.S. SOCIAL ASSISTANCE POLICIES CONVERGING?*

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Various interpretations of social policy in Canada and the United States alternatively see either persisting patterns of distinctiveness between these countries that appear likely to extend into the foreseeable future, or warn that Canada may be on the brink of "...a massive restructuring of social programmes along American lines."¹ Arguments in the latter camp often focus on economic and cultural integration as the forces driving policy harmonization between the two countries.

These more general debates about social policy in Canada and the United States may be examined from the vantage point of the issue of social assistance; that is, cash and in-kind benefits provided to those deemed to be without the means for an adequate level of subsistence. Despite being only one component of the larger welfare state, last-resort social assistance plays a particularly crucial role in deter-

*A list of acronyms used in this article is provided on page 41.

mining the character of a welfare state through providing in the final instance for those who fail in the market or do not receive adequate support within the family. Polanyi's *The Great Transformation* provides a compelling account of the considerable significance of last-resort assistance in shaping other social institutions, particularly the market. Certainly the welfare state includes a wide variety of policy areas such as income maintenance, labor market policies, education, and housing among others; however, "policies for the needy" constitute "the focal point of a social welfare system."²

There have been and continue to be significant differences (outlined in the first section of this paper) between the American and Canadian social assistance complexes.³ The conventional wisdom is that social assistance policies have tended to be more generous in Canada than the United States, and that the central government in Canada has played a large role in fostering such generosity. But the reality is much more complex. Neither in terms of the chronology of the initial inception of mothers' allowance programs (precursors to modern social assistance) nor in terms of benefit levels have Canadian provinces been more generous than their American counterparts for single mothers with dependents. In addition, central government involvement through both federal and national programs for social assistance developed earlier in the United States than in Canada.⁴ Then in the 1960s Canada moved ahead of the U.S. in terms of the assistance provided to categories of people in poverty other than those categories which in the U.S. would be eligible for Aid to Families with Dependent Children (AFDC). The two countries have continued to diverge over the course of the past thirty years. Social assistance in the U.S. continues to be characterized by a much stronger central government presence than in Canada, and there are

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no Canadian analogues to the U.S. national assistance programs; yet, the Canadian social assistance complex in the contemporary period extends considerably more generous assistance to a range of individuals and families in need who receive only minimal assistance across the border.

The second section offers an interpretation of the distinct development of social assistance in the U.S. and Canada which challenges the assumptions underpinning arguments for convergence. The trajectories of the Canadian and American social assistance systems are best explained by reference to the distinct socio-economic contexts in which these systems initially emerged, the impact of institutionalized policy traditions in reinforcing differences between these two systems, and, especially in regards to current patterns of development, the impact of race. With these factors reinforcing distinctiveness in social assistance provision, economic and cultural integration do not appear to be leading to convergence between the two countries, nor are they likely to do so in the foreseeable future.

I. CANADIAN AND AMERICAN ASSISTANCE POLICY

An examination of the social assistance complexes in Canada and the United States and their historical development illustrates that in many important senses the two systems bear a strong resemblance to each other. Yet, in other senses, they stand in stark relief. There are a range of important differences between the two countries regarding the provision of means-tested social assistance by both the central governments and state/provincial governments.

The Canadian provinces took a more mixed approach to care for the indigent in comparison to the wholesale adoption of the English poor laws in the United States. Subsequently, widows' pensions were developed earlier and more rapidly among the American states than was the case in the Canadian provinces. The Canadian central government became involved in the provision of assistance much later than in the U.S. and did not develop *any* significant national programs. Even under the Canada Assistance Plan (CAP), welfare in Canada remained more decentralized than in the U.S. and there still are no Canadian national programs for social assistance. But Canadian programs have developed wider eligibility than U.S. programs and, for a range of recipients, more generous benefits.

A. Historical Origins of Social Assistance

While much has been made of the contrast between the American revolutionary heritage and Canada's tighter links to Britain,⁵ in the area of social assistance policy the United States adopted the English poor laws wholesale while the pattern was much more mixed in Canada. The primary principle underlying the poor laws was the *compulsory* provision of assistance to the indigent by a level of government which was assigned this responsibility through statute. Beyond this, it is difficult to identify themes which are common to all three major periods of poor law administration--the Elizabethan poor law (1601-1795), the Speenhamland system (1795-1834), and the New Poor Law of 1834--each of which represented a different relationship among the state, market and family.⁶

References to the English poor laws, the touchstone of the literature on the historical development of the welfare state in Canada, often obscure the significant differences which existed among the historical precursors of modern provincial social assistance regimes.⁷ These references range from those implying a vague association between assistance provision in Canada and the poor laws or identifying particular Canadian practices as falling under the rubric of the poor law tradition, to much stronger statements such as the claim that "[t]he treatment of the poor in English Canada has its roots in the Elizabethan Poor Laws of 1601...", or the assertion that "...social assistance in Canada very closely resembled that prevalent in the days of the Elizabethan Poor Law."⁸

State acceptance of responsibility for care of the indigent took a variety of forms in the various provinces. Prior to the initial appearance of mothers' allowances, the responsibility for the indigent acknowledged by the province was extremely limited in P.E.I., Quebec, Manitoba, Saskatchewan, Alberta and British Columbia. In contrast, assistance regimes in Nova Scotia and New Brunswick incorporated compulsory assistance provision but combined this with the uniform application of both less eligibility and the workhouse test to *all* recipients which were integral elements of the New Poor Law of 1834. In these provinces the state accepted responsibility for the provision of assistance to the poor, but only to those desperate enough to be willing to endure the stigma of the workhouse. Assistance in Ontario approximated the stratifying nature of the Elizabethan Poor Law of 1601 which designated certain categories of recipients as deserving and others as undeserving. Contrary to the poor

laws, the provision of assistance was not a mandatory municipal responsibility until legislation in 1903 made the establishment of county houses compulsory. In Newfoundland recipients were not designated as deserving or undeserving, nor was residence in the poorhouse required of any recipients. In this sense, the law shared some affinity with the Speenhamland system as the state accepted the responsibility of providing for everyone in need while guaranteeing some minimal level of well-being.

In contrast, the poor laws were adopted wholesale throughout the United States.

...The Canadian colonies, unlike the American ones, did not all take over from Britain the principles of the Elizabethan poor law. Nova Scotia and New Brunswick did so, but Upper and Lower Canada did not. [...] ...the result is that while in the United States the principle spread from the original thirteen colonies to the new states that were added in the following century, in Canada it is operative only in the Maritime Provinces. In Ontario and the western provinces the municipalities *are permitted, but not compelled, to accept responsibility for their poor*, while in Quebec relief is left to private charity.⁹

Trattner notes that the Poor Law of 1601 "...provided the pattern for the poor laws in the American colonies, in the original thirteen states, and in the subsequent ones as they entered the union" and "...the colonial assemblies quickly acknowledged public responsibility for those unable to care for themselves...making the taxpayers of each locality responsible for their support."¹⁰ Thus, in the United States "...from the outset, the public was responsible for providing aid to the needy who, in turn, had a right to such assistance..."¹¹

Following developments in England, public assistance in the U.S. tended towards indoor relief in the 19th century. In 1824 New York state enacted a *Country Poor House Act* which required at least one poorhouse to be built in each county where, "[t]henceforth, all recipients of public assistance were to be sent to that institution..."¹² During this period the poorhouse became fundamental to the provision of assistance in the U.S.,¹³ whereas the poorhouse remained considerably less marked in Canada.

Although both countries had little social legislation before 1930 and "the social backgrounds of the two countries were essentially similar," Birch argues that the stronger tradition of poor law provi-

sion in the U.S. "...put Canada in a position of slight disadvantage, compared with her southern neighbour, in the provision of social security."¹⁴ While such generalizations may be accurate, it is important to note the lack of national clustering between Canada and the United States. In some senses, the assistance regimes in New Brunswick and Nova Scotia in this period bore stronger resemblance to regimes in the American states than to those in other Canadian provinces or Newfoundland.

B. Widows' Pensions/Mothers' Allowances

Considering the historical tradition of compulsory provision of assistance to the indigent in the American states, perhaps it is not surprising that modern social assistance (in the form of widows' pensions) was developed earlier and more widely in the American states than in the Canadian provinces. But despite such generalizations it is again important to note the lack of national clustering. Mothers' allowances were adopted early in some states and some provinces relative to both other states and other provinces. As well, benefits in some states and some provinces were generous relative to benefits in both other states and other provinces.

The United States had established a long tradition of military pensions and Civil War benefits provided by central, state, and local governments.¹⁵

By the time [1889] the elected politicians -- especially Republicans -- had finished liberalizing eligibility for Civil War pensions over a third of all the elderly men living in the North, along with quite a few elderly men in other parts of the country and many widows and dependants across the nation, were receiving quarterly payments from the United States Pension Bureau. In terms of the large share of the federal budget spent, the hefty proportion of citizens covered, and the relative generosity of the disability and old-age benefits offered, the United States had become a precocious social spending state.¹⁶

From 1880 to 1910, pension expenditures represented over a quarter of total U.S. central government expenditures.¹⁷

The situation in which assistance was not provided except under the auspices of Civil War benefits and the poor laws was to change rapidly.

America's first publicly funded social benefits outside of military pensions and poor relief were mothers' pensions. These were laws passed in 40 states between 1911 and 1920 to enable localities to provide payments for needy widowed mothers (and occasionally others) in order to let them care for children at home. Four more states passed mothers' pensions during the 1920s (along with two in the early 1930s).¹⁸

These policies represented a significant change from earlier approaches to relief. Not only did many states recognize the principle that adequate public aid be provided to single mothers ("a far cry from the nineteenth-century concept of 'less eligibility'"), but "[i]n theory at least, they removed the stigma of charity for a large number of welfare recipients. They also broke down the nineteenth-century tradition against public home relief."¹⁹ While marking a departure from the poor relief tradition, widows' pensions were a logical progression in a context in which public provision of assistance for the needy was already compulsory. In turn, widows' pensions laid the foundations for the Aid to Dependent Children (ADC) program enacted as part of the *Social Security Act* of 1935.²⁰

The pattern of policy development was somewhat slower in Canada. Widows' pensions were introduced only five years earlier in Missouri than mothers' allowances in Manitoba. But the innovation spread much more quickly among the states than it did among the provinces: "[i]n Canada, Manitoba was the first province to establish mothers' allowances, in 1916.[...] By 1923, five of the nine provinces had mothers' allowances."²¹ However, the final four provinces were slow in adopting them.²² As of 1940, Quebec implemented mothers' allowances, at which point "...all provinces except New Brunswick and P.E.I. provided such benefits."²³ Still, not until 1950, thirty-five years after their initial adoption in a Canadian province, were mothers' allowances instituted in all provinces.

Figure 1 outlines the percentage of the population in each country residing in a state or province with widows' pension or mothers' allowance programs. There is a five-year lag between the initial development of mothers' allowances in the Canadian provinces and the American states. Mothers' allowances were extended to roughly the same proportion of the population in the first five years of their existence in Canada as in the U.S. However, after this initial five-year period, the extension of mothers' allowances in

Canada was slower than in the United States. Further major extensions in Canadian mother's allowances did not take place until after state widows' pension programs had been subsumed under the federal ADC program in the U.S. By the time that mothers' allowances were being paid in all Canadian provinces, similar payments (federally cost-shared through ADC) had been paid in all U.S. states for fifteen years.

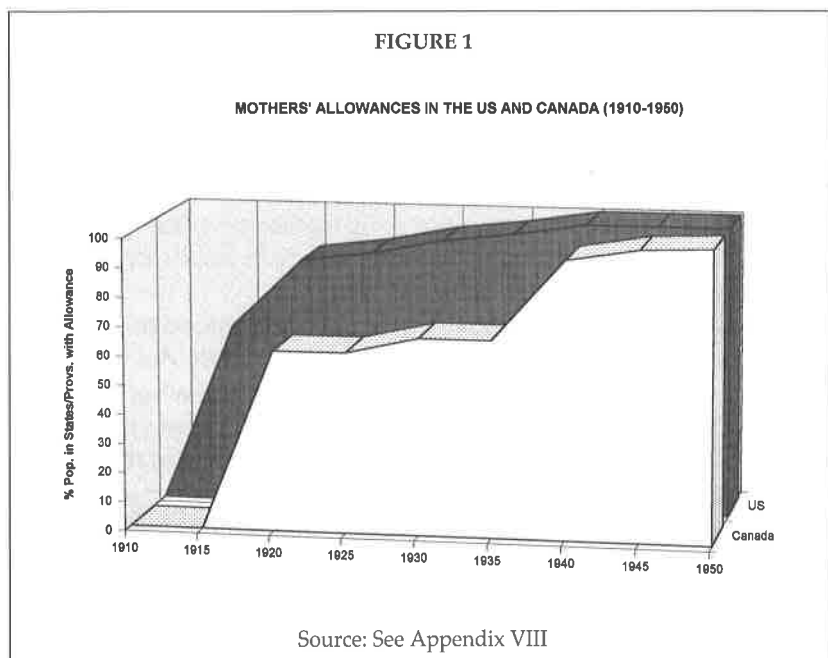
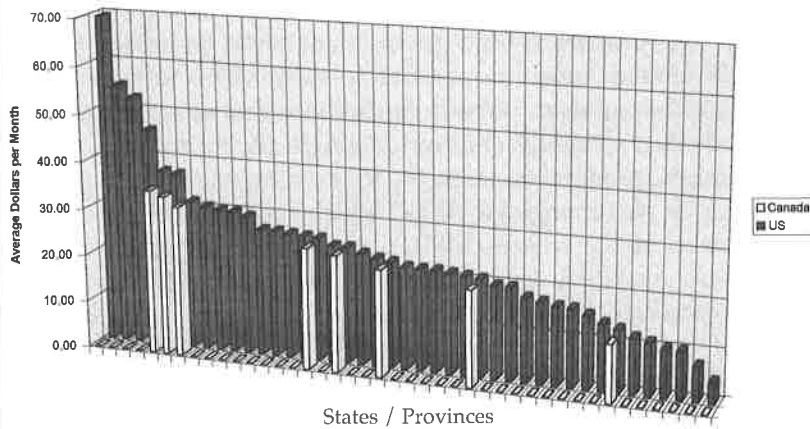


Figure 2 outlines the average dollars per month paid to families in receipt of widows' pensions in the U.S. in 1931 and paid to families in receipt of mothers' allowances in Canadian provinces in 1942. American widows' pensions were more generous on average *in 1931* than mothers' allowances in the Canadian provinces *in 1942*, although it is important to note that the range in payments was considerably wider in the United States than in Canada. What is most significant is not the average amounts but the fact that there is no significant national clustering in terms of program benefits. It is virtually meaningless to make generalizations to the effect that

FIGURE 2

MOTHERS' ALLOWANCES IN THE US (1931) AND CANADA (1942)



Source: See Appendix VIII

allowances in one country were more or less generous than in the other because the relative level of benefits paid in any sub-national unit provides no good indication as to whether the sub-unit is American or Canadian.

The significance of patterns of policy development both in terms of the initial implementation of mothers' allowances and the levels of benefits of such programs is that there is no good reason prior to 1935 to even speak of an American or Canadian social assistance *system* rather than simply to speak of the assistance systems in various provinces and states. National averages represent arbitrary statistical aggregations. They may be undertaken for the purpose of refuting existing generalizations such as the claim that social assistance in Canada has historically been more generous than assistance in the United States, but they have little other meaning. In the absence of national clustering among sub-units, differences in the timing of implementation of mothers' allowances or the levels of benefits across provinces and states cannot be meaningfully explained by reference to national characteristics.²⁴

II. EMERGENCE OF CENTRAL GOVERNMENT PROGRAMS FOR SOCIAL ASSISTANCE

Central government acceptance of financial responsibility for assistance provided to the needy (on other than a temporary, emergency basis) took place much earlier in the United States than in Canada. The primary central government social assistance legislation in the United States was part of Roosevelt's 1935 New Deal. Aid to Dependent Children offered conditional cost-sharing for assistance provided to needy children in single-parent families, essentially extending federal cost-sharing for existing widows' pensions.²⁵ In 1951, ADC was changed to AFDC which "allowed benefits for one parent in a family where children were already beneficiaries."²⁶ AFDC was modified again a decade later so that "payments to families who were both unemployed were made possible, but fewer than half the states implemented them."²⁷

In contrast, needy mother-headed families in Canada remained solely a provincial responsibility for over thirty years after the inception of federal cost-sharing for assistance in the U.S. Until the Canada Assistance Plan (CAP) was implemented in 1966, programs for assistance provided to mother-headed families received no financial support from the federal government. After considering these various income-related cash programs, Kudrle and Marmor argue that Canada would appear the policy laggard and America the leader. "...It is hard to argue that [Canada's] low income assistance programs have been consistently more advanced than those of the United States. It is easier to make the opposite case until the mid-sixties..."^{28 29}

Central government programs for social assistance continued to develop in the U.S. throughout the 1960s and 1970s. Of these new programs, at least two had a significantly national rather than federal character, further raising the prominence of the central government in the provision of assistance to the needy. In 1961 the central government re-introduced food stamps (which had existed as a temporary program from 1939-1943) as a pilot program which was then adopted as the Food Stamp Act in 1964. What is significant about the food stamp program is that it was truly a national program funded by the central government with uniform national eligibility standards and benefit levels, though administered by the states. In 1965 the U.S. government also introduced Medicaid, a federal cost-sharing program for medical services provided to the indigent.

Medicaid, like AFDC and in contrast to food stamps, displayed the common characteristics associated with cost-shared programs; state expenditures depended on their willingness to match federal funds and, as such, benefits varied considerably among states. The final program to round out the U.S. assistance system was Supplemental Security Income (SSI) which provided aid to the aged, blind, and disabled. This program also had a clear national component,

...providing uniform minimum benefits across the entire nation... States are allowed to be more generous if they wish, but no state is permitted to provide benefits below the subsistence level provided by law.³⁰

In Canada, the 1960s also saw a considerable expansion of central government involvement in social assistance, though this took the form of federal rather than national programs. Instituted in 1966, the Canada Assistance Plan (CAP) allowed for the consolidation of a variety of federal cost-sharing programs for categorical assistance including Old Age Assistance (1927), Blind Persons' Allowances (1951), Disabled Persons' Allowances (1954) and Unemployment Assistance (1956) under one umbrella program.³¹ Under CAP the central government would continue to match the funds expended by the provinces on these categorical programs dollar for dollar. In addition, cost-sharing would be extended to provincial programs for needy mothers and widows which had not previously been cost-shared.³² CAP allowed for the cost-sharing of assistance to recipients without dependents in contrast to cost-sharing arrangements in the U.S. "Whereas U.S. cash welfare policy never outgrew the "categorical" cost-sharing framework impressed on it in 1935," Lemman notes, "Canadian policy steadily allowed for federal sharing of aid to ever broader ranges of recipients."³³ By this point, then, "Canadian schemes for non-pension support [had] moved "ahead" of U.S. policy."³⁴

CAP imposed three substantive conditions: that assistance be provided to anyone "in need," that there be no provincial residency requirements, and that appeal procedures exist. Assistance was to be provided to anyone in need but need *was defined by the province*. Assistance could not be arbitrarily denied to specific individuals within a category who met the set definition of need. Under CAP social assistance was denied (in certain provinces or municipalities at various times) to different *categories* of recipients who, by any common-sense definition, could be considered in need, including,

for example, homeless people of no fixed address, all (or particular sub-categories of) single employables, and single mothers who allowed men to stay in their homes even if those men were making no financial provision for the family.³⁵ The federal requirement of a needs-test did not identify assistance which provinces were *obliged* to provide but those costs *which the federal government refused to share*. For example, the needs-test criteria rendered provincial income supplementation schemes ineligible for cost-sharing if they were income-tested rather than needs-tested.

From the inception of ADC, state assistance programs “had to be administered on the basis of need” as *means-tested* programs.³⁶ Provincial assistance under CAP also was to be administered on the basis of need, although with a *needs-test* rather than a means-test.³⁷ This difference is significant in that the needs-test is based on the assumption that needs vary from recipient unit to recipient unit and thus require a caseworker to assess these needs. The result has been a much higher level of discretion in Canadian programs than in U.S. programs, a difference which has been described as striking.³⁸

Because of the nature of CAP’s conditions, very significant differences in provincial assistance have existed over the course of CAP’s tenure and continued to exist into the mid-1990s.

[T]he uniformity that...exists among provincial social assistance systems is minimal... Significant differences in assistance provision are currently evident in the contemporary design of the various provincial assistance regimes. Canada has not one welfare state but an amalgam of ten provincial variants.³⁹

This is in keeping with a historical tradition of very significant differences in social assistance provision among the provinces over the course of this century, differences which central government policy has done little to change.

The central government’s presence was considerably more significant under the AFDC program than under CAP. AFDC conditions were starkly distinct from those of CAP in that the former matched assistance *only* to families with dependent children whereas the latter contained no analogous primary condition and allowed for sharing costs of assistance to a variety of recipients. “While the federal government establishes key categorical and financial eligibility criteria for the AFDC program in the United States, ... the Canadian federal government exerts almost no influence over eligibility

rules or benefit criteria for the SA [Social Assistance] program."⁴⁰ In addition, AFDC stipulated maximum shareable assistance levels and mandated uniformity of provision within states. Over the course of its tenure, AFDC had developed more specific substantive rules such as requiring (as of 1972) that all employable welfare recipients participate in the Work Incentive Program (WIP) under which "...individuals prepared for work are referred to jobs while others are enrolled in training or job experience programs."⁴¹ These types of substantive requirements are much more specific than any that had existed under CAP.

More recently, a central issue in both the U.S. and Canada has been the move to block-funding for social assistance. Bill Clinton's presidential campaign of 1992 included a pledge to "end welfare as we know it." The essence of the proposal was to give assistance recipients a two-year time limit to re-establish independence. But before the Clinton proposals could command sufficient bipartisan support, the 1994 congressional elections significantly changed the political landscape. The new Republican house of representatives through its Contract with America offered an outline of reforms which were "far tougher than anything Mr. Clinton had in mind."⁴² The Republicans also proposed to put central government transfers to the states on a block-funding basis. An alternative and less draconian set of proposals emerged out of the senate, incorporating a block-funding approach which had the approval of the president.⁴³ Still, the emergent congressional bill was subject to a presidential veto.⁴⁴

Then, in August, 1996, Clinton signed a third version of the welfare bill which transferred AFDC cost-sharing to a block grant and reduced federal spending by \$55 billion over six years, mainly through cuts to the food stamps program and aid to immigrants. Under this legislation, the federal block grant

- imposes a five-year lifetime limit on welfare benefits. States could exempt up to 20 per cent of their caseload for hardship reasons and set shorter time limits;
- requires recipients to begin working two years after receiving welfare, and mandates that half of all single-parent families work 30 hours a week by 2002;
- reduces spending on food stamps...by \$28 billion over six years and allows able-bodied individuals without children to receive food stamps for only three months in any

three-year period unless they are working part time. Applicants can get another three months if they are laid off;

-bars most federal aid including Medicaid...and cash welfare to future legal immigrants for five years.⁴⁵

The change in the title of the program for social assistance, from *Aid to Families with Dependent Children* (AFDC) to *Temporary Assistance for Needy Families* (TANF), clearly signals its intent.

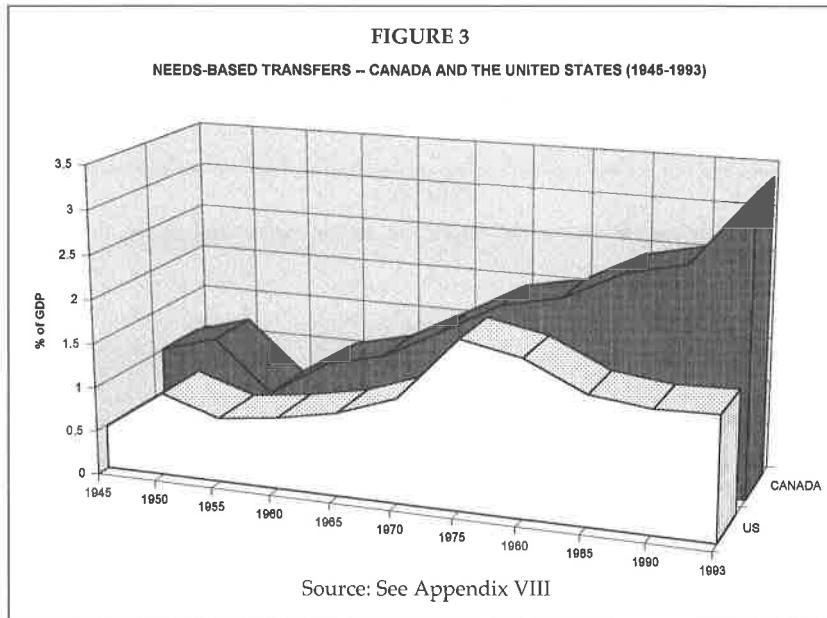
Movement towards block-funding was proceeding simultaneously in Canada. Matching conditional cost-sharing for social assistance under CAP was replaced with block-funding under the Canada Health and Social Transfer Act (CHST) in April, 1996. Federal funding for social assistance is now rolled in with per capita transfers for health and post-secondary education. Unlike CAP, under the CHST there is no federal pretense of ensuring minimum national standards in provincial social assistance, a matter of exclusive provincial jurisdiction, with the exception of a restriction against provincial residency requirements. With this exception, social assistance in Canada is now a matter of provincial responsibility both in terms of program design and delivery as well as fiscal responsibility for increased caseloads.

The differences between the shifts to block-funding in each country illustrate the distinctiveness of their national social assistance systems. First, block-funding is characterized by a much more significant role for the central government in the U.S. than in Canada, which is in keeping with the historical trajectory of social assistance policy in both countries. Secondly, the American central government initiative represents a much clearer indication of retrenchment in this area than block-funding does in Canada. While block-funding in Canada does not stipulate any minimum national standards in social assistance provision (with the exception of the ban on residency requirements), neither does it stipulate maximum national standards of provision as block-funding now does in the U.S. These differences appear likely to lead to significant further divergence between the two systems.

III. THE WELFARE BACKLASH IN THE U.S. AND CANADA

The welfare backlash in the U.S. has been considerable at both the state and central level in the United States. In Canada, it has been

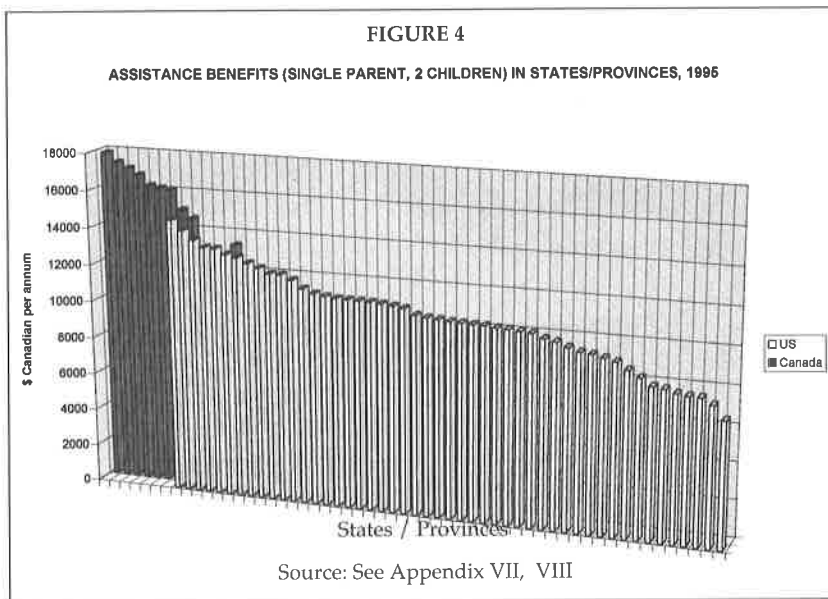
more apparent at the provincial level though clearly it has not been as strident as in the U.S., and relatively muted at the central level.



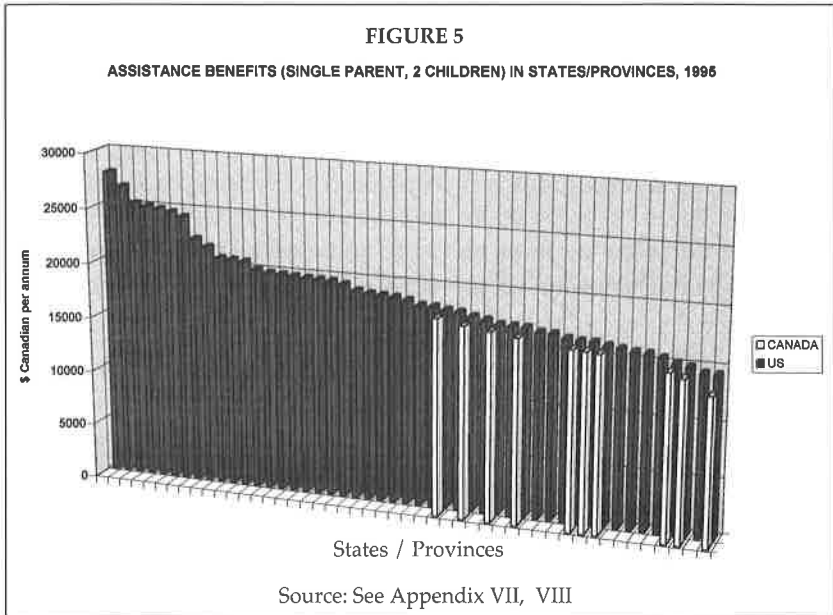
One indicator of these differences is total expenditures on needs-based programs in Canada and the United States. Figure 3 outlines long-term trends in expenditures on needs-based transfers in the two nations as a percentage of GDP. From 1945 to 1975, expenditures for needs-based programs in both Canada and the U.S. followed similar trajectories. Expenditures tended to be somewhat higher in Canada than in the United States, although by 1975 each had very similar expenditure levels. But after this point the U.S. pattern of growth was quite dramatically reversed.

In contrast, expenditures in Canada continued to grow substantially over the 1980s and early 1990s. Expenditures on needs-based transfers are a function of economic growth rates and poverty rates. But they are also strongly conditioned by the proportion of the population receiving benefits (largely determined by policies regarding eligibility) and benefit levels. To a significant extent the differences in expenditures on needs-based transfers between Canada

and the United States have been the result of retrenchment at the central government and state levels in the United States as both have become more restrictive regarding eligibility for benefits. In addition, states have become considerably more restrictive in terms of benefits for non-AFDC recipients; that is, families including an unemployed employable person and singles without dependents.



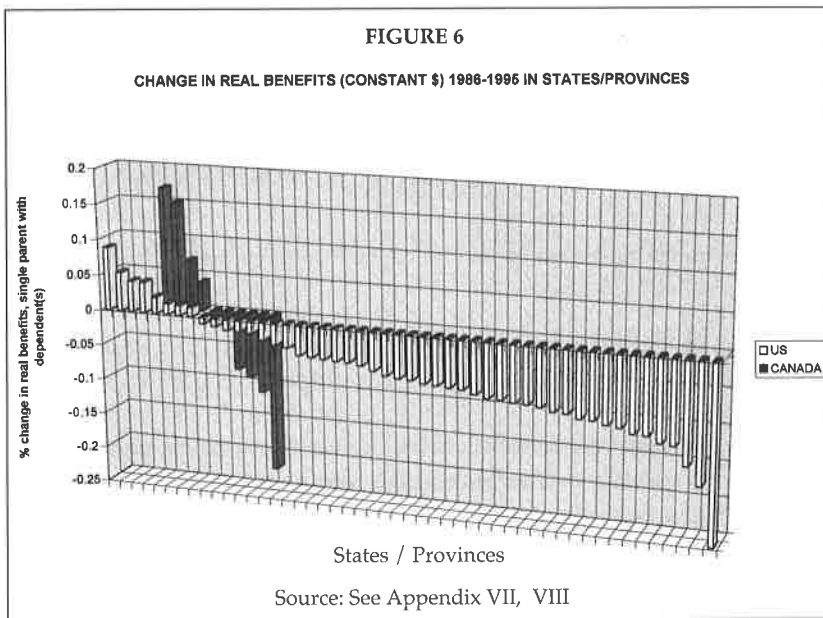
Despite many claims to the contrary, variations in American and Canadian benefit levels for single mothers with dependents (the primary recipients of AFDC in the U.S.) do not appear significant enough to account for much of the difference in gross expenditures on needs-based transfers. Figure 4 compares maximum transfer income in 1995 for single parents with dependents under social assistance in the provinces and under AFDC and Food Stamps in the contiguous states. Here Canadian provinces are generally more generous than American states, although low-benefit provinces and high-benefit states are roughly comparable. Figure 5 compares maximum assistance income packages in the provinces with assis-



tance packages comprised of AFDC, Food Stamps, Housing Assistance, Utilities Assistance, Special Supplement Food Program for women, infants, and children (WIC), and commodity benefits in the contiguous states. It appears that benefits in Canadian provinces are roughly comparable with those in the less generous states, and the lowest benefit province (New Brunswick) is less generous than the lowest benefit state (Mississippi). [See Appendix 1 for figures and methodology.]

The difference between these two comparisons lies in their treatment of in-kind benefits. The question as to whether to include non-entitlement in-kind assistance such as housing benefits in the U.S. is open. Certainly, any adequate comparison should acknowledge the existence of such significant in-kind benefits while also acknowledging that they are provided on a non-entitlement basis. Rate comparisons between the two countries highlight the relative importance of in-kind transfers in the U.S. relative to Canada, especially food stamps and housing benefits. Because of these substantial additional benefits, some recipients in any state may be better off than recipients in certain provinces, even if this is not generally the case.

Even using comparisons which exclude major non-entitlement in-kind benefit programs and thus emphasize relative Canadian generosity, differences between the most generous states and most generous provinces are significant (in the 20 percent range) but not huge. More striking are the differences in benefits of the provinces and more generous states in comparison with benefits in the least generous states. Certain states and provinces provide benefit packages that are twice as generous as in certain low-benefit states. As historically with mothers' allowances, clear national clustering is not evident.



Nor is clear national clustering evident in terms of changes in AFDC benefit rates and comparable Canadian rates over the past decade. From 1986 to 1995, Canadian provinces lowered benefits on average by 1 percent for single parents with dependents. In the same period, the U.S. states lowered benefits on average by 5.5 percent. However, as Figure 6 illustrates, only two provinces raised benefits at a rate greater than all U.S. states. One province (Alberta) decreased benefits at a rate greater than all U.S. states but one. Most provinces and states increased or decreased benefits at levels which make it

impossible to tell with any certainty based on the percentage change in assistance benefits whether the unit in question is a state or a province.

But differences in eligibility requirements for single mothers and families with dependents between Canada and the United States have become more striking. In contrast to the situation in Canada, over the course of the 1980s there were several rounds of changes in U.S. federal government legislation designed to decrease assistance caseloads. Hanratty and Blank note that “[t]he United States implemented major legislation in 1981, which dramatically reduced the eligibility of the working poor for AFDC and Food Stamps” and allowed for states to implement workfare.⁴⁶ In 1988 federal legislation “...required that all states establish mandatory work-welfare programs”⁴⁷ and also “...required the states gradually to increase the percentage of workfare participants.”⁴⁸ Blank and Hanratty argue that “...the system of mandated work programs found in the United States is clearly not yet acceptable in Canada[.]”⁴⁹ Even if the recent advent of block funding in Canada signals the willingness of the federal government to allow workfare, as some critics claim it does, Ottawa is far from *requiring* mandatory work programs.

In addition to central government initiatives, much of the retrenchment in assistance provision under AFDC over the course of the 1980s and 1990s has taken place at the state level.⁵⁰ Blank notes ...the reemergence of proposals designed to discourage AFDC participation by changing AFDC program parameters. This discussion has occurred not at the federal level but at the state level. [...] Proposed reforms are typically designed to limit AFDC benefits or eligibility among certain groups, although the focus is less on encouraging work than on discouraging other types of behaviours. Several states, for example, have proposed excluding children born after a woman becomes an AFDC recipient from AFDC benefits.⁵¹

Demarcating between centrally-driven and state-driven retrenchment is difficult, because a crucial element in the process of retrenchment has been centrally-granted waivers to individual states which free them from specific AFDC restrictions. Such waivers are not new. Since 1962 the federal secretary of health and human services has been authorized to waive AFDC restrictions “...in order to enable a State to carry out any experimental, pilot, or demonstra-

tion project that the Secretary judges likely to assist in promoting the objectives of AFDC."⁵² While provisions enabling federal waiving of AFDC restrictions have existed since the early 1960s, such waivers only became prevalent over the course of the 1980s with a considerable expansion in their usage occurring in the late 1980s and early 1990s.

The Reagan, Bush, and Clinton administrations all adopted a liberal policy of granting waivers for State reforms. President Reagan created an interagency group...to facilitate action on waiver requests; President Bush stressed State innovations in his welfare reform strategy...President Clinton accelerated the waiver process... Between January 1, 1992, and August 15, 1995, 35 States received 53 waivers to test AFDC changes. By May 1996, the Clinton administration had approved 61 waivers in 38 States.[...]by mid-1996, all but 10 states had approval to test departures from specified provisions of AFDC.⁵³

Waiver projects have been aimed at both restricting and liberalizing aspects of state assistance provision. Restrictive measures include:

- place time limit on benefit duration (24 states);
- tighten work requirements (31 states);
- link benefits to school attendance/performance (26 states);
- limit benefits for additional children (14 states);
- reduce benefits based on relocation (2 states);
- require fingerprinting as a condition of eligibility (1 state).⁵⁴

Other waiver projects which expand the terms of assistance provision include:

- treat earnings more generously (30 states);
- expand eligibility for 2-parent (unemployed) families (25 states);
- increase resource limit (28 states);
- increase vehicle asset limit (25 states);
- expand transitional medical and child care benefits (21 states).⁵⁵

But there are elements common to the waivers requested and granted. "Most waiver requests reflect one or more of these assumptions about present AFDC rules: that they discourage work and encourage long-term enrollment; that they discourage marriage and encourage out-of-wedlock births; and that they fail to promote personal responsibility."⁵⁶ Waiver projects are variations on a theme;

states are generally not using waivers to provide more generous assistance. Rather, waivers have contributed to a process by which assistance for those eligible for AFDC has become more restrictive than assistance for the same range of low-income families in Canada.

One prevalent usage of waivers has been in the implementation of state-imposed time limits on assistance eligibility.

Through the federal waiver process, the Clinton Administration has, in effect, transformed AFDC into a program in which any state can impose time limits on assistance. There have been no federal limits on how many states may impose time limits, whether the time limits are statewide, or the length of time before aid is reduced or terminated.⁵⁷

However, time-limit waivers have been made subject to the inclusion of a "best-efforts" provision.

The Clinton Administration has required that, in order to receive waiver approval, a state must agree to continue aid or allow participation in a work program in cases where the adult has complied with program rules but has been unable to attain employment despite her best efforts.⁵⁸

While the waiver process under AFDC provided limited restrictions on the use of time limits, the new block-funding approach offers none whatsoever.⁵⁹

Federal waivers have served to weaken the national aspects of AFDC provision. Yet ironically, they highlight the level of central government involvement in the specifics of assistance provision even as they allow states increased latitude from these restrictions. Whether one agrees with the direction of change, federal waivers and the state experiments allowed under them also demonstrate both the greater innovation in the U.S. assistance policy relative to Canada as well as the much greater emphasis in the U.S. placed on creating incentives for work and family formation. Both the central and state grants have experimented repeatedly with changing earnings exemptions, imposing work and training requirements, and more recently, imposing punitive limits on welfare receipt, all in the name of increasing recipients' incentives to work. In comparison, Canada has been relatively slow to modify its programs to create work incentives and certainly has not reached the stage of implementing time limits on receipt of assistance.

Our discussion has focused primarily on assistance for single parents and families with dependent children. But comparisons of

retrenchment in the U.S. and Canada solely on the basis of this aspect of assistance do not convey the complete picture. Retrenchment has also been significant among state programs that are not cost-shared. Many states provide no benefits for categories of recipients outside those eligible for AFDC such as single employables, categories for which provinces are infinitely more generous. Blank and Hanratty note that "cash assistance in the United States is largely limited to single-parent families."⁶⁰ Those that have provided such benefits have generally become much less forthcoming in their provision of assistance in the 1990s. Developments in the states range from freezing benefits, significantly cutting benefits and programs, to eliminating their general assistance programs altogether.⁶¹

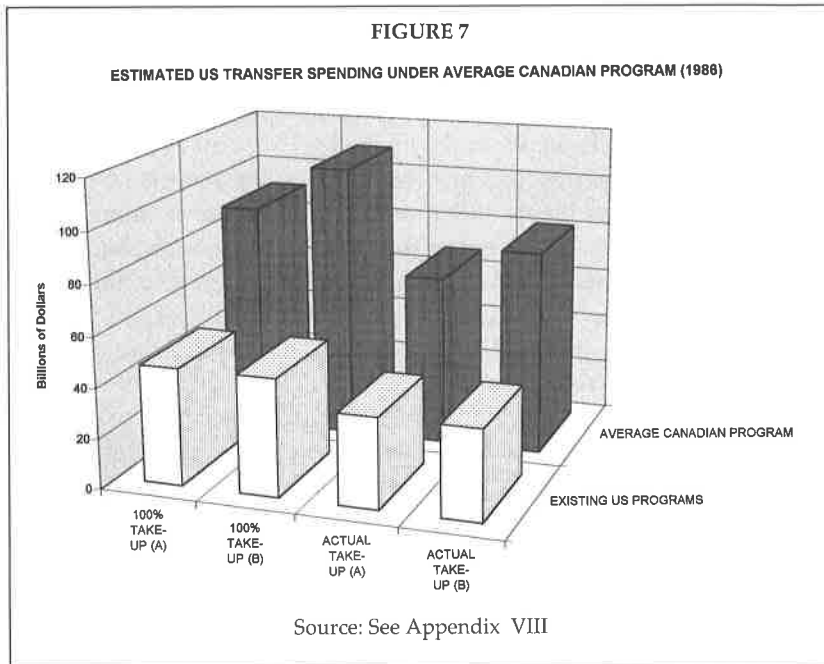
Not all government initiatives in the U.S. have been in the direction of retrenchment. For example, mandated eligibility for AFDC in particular cases has been expanded. "Since 1990, all states have been required to make AFDC benefits available to married-couple households. The eligibility rules for two-parent households are stricter, however, and over 90 percent of the AFDC caseload is still composed of single mothers and their children."⁶² Also, at the state level, there have been substantial expansions in children's eligibility for Medicaid. But unquestionably, the primary trend has been one of retrenchment rather than expansion.

While retrenchment has been significant among states, a similar picture does not emerge as clearly in the Canadian provinces. In describing developments in social assistance provision in Canada and the United States over the course of the 1980s and early 1990s, Banting notes that "[c]learly divergence, not convergence, was the dominant trend. ...Canada does not seem to be experiencing the same wave of cuts as the United States," and that "[b]y the mid-1990s, the differential between Canada and the United States had never been greater."⁶³ In particular provinces, there have been significant programs of retrenchment in social assistance at various times: notably the early 1980s in British Columbia and the late 1980s in Saskatchewan. More recently, retrenchment in social assistance provision has been evident in Alberta since the election of the Klein Conservative government in 1993. In Ontario, retrenchment started under the Rae New Democrats (1990-95) and has been pursued with considerably renewed vigor under the Harris Conservatives elected in 1995.

Alberta is the only province which has cut rates significantly across all benefit categories (except for disabled individuals) over the

course of the last decade.⁶⁴ In addition to these cuts, the most recent tool of retrenchment in Alberta has been significantly more restrictive eligibility requirements, thereby making it increasingly difficult to obtain and maintain eligibility. To some extent, retrenchment in Ontario has been a return to earlier practices. Recent cuts have offset the considerable expansion in benefits over the course of the late 1980s, and Ontario levels still remain above those in many other provinces. The reinstatement of the prohibition on cohabitation of assistance recipients with non-recipients (the spouse-in-the-house rule) marks a return to eligibility practices which existed prior to changes in the late 1980s. The most significant change in assistance provision in Ontario is the province's recent experiment with workfare, first announced in June, 1996.⁶⁵ More recent changes have reinforced this more restrictive approach to eligibility and widened the scope of mandatory workfare.⁶⁶

Because of such retrenchment, the pattern of development in social assistance policy in Canada and the U.S. has been described as one of "significant divergence during the 1980s fading in the 1990s," with the differences between the two systems "narrowing again in the second half of the 1990s as Canadian governments struggle to reduce their deficits."⁶⁷ Despite the fact that recent developments in certain provinces such as Alberta and Ontario have been significantly in the direction of retrenchment, overall reduction of assistance has not emerged as widely among Canadian provinces as among American states or with the same vigor. The types of changes being undertaken in these provinces are certainly not as widespread among Canadian provinces as they are among American states. The types of initiatives being undertaken in the Canadian provinces do not approximate the stringency of the new restrictive policies which have developed in many American states. No Canadian provinces have imposed time-limits on assistance receipt, linked benefits to children's school attendance/performance, or prohibited additional benefits for additional children born to mothers already on assistance. No provinces have completely eliminated assistance programs for employables and singles without dependents and none appear likely to do so. Even Ontario's much ballyhooed workfare does not approximate the more stringent state workfare programs. Thus it is not surprising that "[a] comparison of the welfare program in Ontario at the time of the 1995 cuts with that prevailing across the border in Michigan concluded that "residents of Michigan may consider what Ontario is facing 'a walk in the park'."⁶⁸



In order to get a sense of the broader level of generosity of the Canadian and American assistance systems, Figure 7 compares the overall costs of needs-based transfer programs as they existed in the U.S. with the estimated costs of needs-based transfers if the average Canadian transfer program were implemented in the U.S. Blank and Hanratty's sophisticated simulations apply rules of eligibility and benefit levels to microdata for 1986 from each country. Different results occur under a variety of assumptions adopted by the authors about take-up rates (the proportion of people eligible for benefits who actually claim them) and the elasticity of labor supply to changes in assistance policies (the extent to which more generous assistance encourages assistance dependence over work.) They estimate that in 1986 U.S. needs-based transfer expenditures would have to have been increased by two to three times to provide assistance at a level comparable to the average Canadian provincial needs-based transfer system.⁶⁹ Considering the further differences between the two countries emerging since then, this figure is likely considerably higher in the late 1990s.⁷⁰

IV. EXPLAINING PATTERNS OF DEVELOPMENT

Interpretations of social policy development based on the harmonizing effects of economic and cultural integration, when applied specifically to the patterns of social assistance policy development as outlined above, are not compelling. As a result, concomitant arguments positing likely future convergence in social assistance policy in these two countries resulting from economic and cultural integration also appear less than compelling.

Some of the most influential contemporary arguments about likely cross-national patterns of evolution in public policy focus on the forces of globalization.

A wide array of commentators warn that the national state is increasingly constrained by a complex web of economic linkages, and that governments in countries both large and small are under powerful pressures to harmonize their economic and social policies. Even if complete harmonization is not foreordained in such predictions, a process of convergence is seen as steadily narrowing the scope for autonomous action, and eroding the rich diversity of policy regimes that characterize western nations in the postwar era.⁷¹

Considerations of the impact of globalization and economic integration are of particular salience in the context of Canadian-U.S. comparisons. In Canada, Keith Banting observes, "concerns about the pressures for convergence have focused on the country's relationship with the United States."⁷² This focus has been sharpened over the course of debates on the Canada-U.S. Free Trade Agreement (CUFTA) and the North American Free Trade Agreement (NAFTA).

Although the process of economic integration between the United States and Canada has been manifestly evident over the course of the past thirty years and has been starkly highlighted by both CUFTA and NAFTA, there is little evidence thus far of harmonization in social policy more broadly or social assistance policy more specifically.⁷³ Assistance policy in Canada and the U.S. has been diverging since the 1960s, and sharply over the 1980s and 1990s. Yet it seems unlikely that Canadians stand on the verge of a massive restructuring of assistance policy as a result of greater integration with the U.S.⁷⁴ But should such an economic restructuring occur in the near future, the outstanding challenge will be to explain the significant (if perhaps ultimately temporary) divergence taking place

in social assistance policy over the past thirty years during which considerable economic integration took place.

A related argument positing likely convergence is based on the indirect impact of economic integration on Canadian political institutions. One of the primary arguments regarding the development of social policy is that, when responsibility for programs is left to sub-national governments, they will engage in "fiscal competition among jurisdictions" in which "each state attempts to spend less than the others on social programmes."⁷⁵ This is a key element in the assertion that increased economic linkages between Canada and the United States are leading to greater decentralization of the Canadian federal system and, as a result, a reorientation of the social assistance complex along American lines. For example, Myles argues that economic integration has important implications for other political forces shaping the trajectory of development of Canadian social policy.

In Canada, increasing economic integration with the United States is shifting the East-West axis of economic activity that sustained the politics of "fiscal federalism" in the past. As north-south trade flows expand, the enthusiasm for interregional equity among the richer provinces declines. High government debt has led to off-loading of social expenditures by the central government to the provinces. And the revival of the Quebec sovereignty movement in the 1990s encourages fiscal decentralization and impedes the search for *national* as opposed to regional solutions. As a result, Canadian social policy stands on the verge of following the American path, which will involve fiscal competition between regions and provinces.⁷⁶

First, there is no self-evident reason why competition among jurisdictions must entail retrenchment rather than expansion of social programs. An interesting example is provided by the development of mothers' pensions in the U.S.

...mothers' pensions were very rapidly enacted across forty-some U.S. states during the 1910s. In these instances, most of the U.S. states engaged in what might be called competitive emulation, a process in which interstate rivalry promoted rather than retarded nationwide social policy enactments within the nonparliamentary and decentralized U.S. federal system.⁷⁷

Regarding the effects of federalism on the expansion or contraction of social programs, context is key.

Second, in contrast to most conventional interpretations, Blank and Hanratty note one of the clearest and most important conclusions of a comparison of social assistance in Canada and the U.S. "The Canada-U.S. case...appears to contradict standard theories that hold that regional control of welfare programs should lead to underprovision of welfare benefits. ...[T]his does not appear to be the case in Canada, since the Canadian SA [social assistance] program is *both more decentralized and more generous than the U.S. AFDC program.*"⁷⁸ Of course, comparison across these countries does not serve as an alternative to consideration of the counterfactual within each country: assistance in either country may have been more generous if the system in that country were more centralized. What these comparisons do suggest is that the level of centralization is less significant in determining the level of assistance than other factors. Because Canada's assistance has been more decentralized and yet more generous than the U.S. system since the mid-1960s, such comparisons cast doubt on arguments which suggest that recent changes to fiscal transfers making the Canadian system even more decentralized are likely to lead towards U.S.-style retrenchment.

Other arguments portending convergence focus on the issue of cultural integration and its effects in eroding national distinctiveness in policy. There is a well-developed tradition that explains differences in public policy by reference to variations in national political cultures and a notable literature on the application of these general arguments specifically to explain divergent patterns of policy development in Canada and the United States.⁷⁹ If cultural differences are central to the orientation of policy, cultural interpenetration which has been occurring on a massive scale between the United States and Canada might well be expected to foster harmonization in their policy orientations.

The lack of robust national clustering in state and provincial assistance regimes suggests that historical variations (at least up until 1935) are not easily explained through recourse to the characteristics of distinctive national public philosophies. Within Canada, historical variations among provincial assistance regimes represented fundamental philosophical differences that can be subsumed under the rubric of any particular political philosophy only with considerable contortion.⁸⁰ In making a similar argument, Hanson claims that

the significant differences in social assistance policy among states prior to the Social Security Act of 1935 demonstrate that American social policy may be characterized as liberal only very uneasily. Regarding the widely differing provision of assistance to the needy in the states, he argues that "[t]he existence of such wide variation is virtually impossible to comprehend within an explanatory framework that rests on a Hartzian foundation."⁸¹ Attacking the orthodox explanation of American social policy exceptionalism, Hanson concludes that "...welfare policy in the United States would be less exceptional if it were more thoroughly liberal."⁸²

Changes in the political cultures of Canada and the U.S. are not so evident nor timed such that they provide convincing explanations for shifts in policy patterns. Clearly, the role of the Depression in changing widespread views about poverty in the U.S. led to significant central government intervention in the provision of assistance. It is more difficult to explain why a similar shift in policy did not take place in Canada. Alternatively, it is difficult to demonstrate how changes in political culture explain why Canada, after lagging behind the U.S. in mothers' allowances and central government involvement in assistance, adopted a considerably more generous scheme.

Several analyses of the contemporary period argue that there are no significant differences between Canada and the United States in public support for social assistance.⁸³ Coughlin argues that "...Canadian appraisal of the costs of welfare and relief programs seems to be equally harsh, perhaps even harsher, than that in the United States."⁸⁴ Other analyses present findings to the contrary -- that there are significant differences between Canada and the United States with Canadian public opinion being more supportive of social assistance.⁸⁵ While the evidence is too scant to provide a compelling case either way, it does cast doubt on assertions that higher levels of generosity in Canadian social assistance provision are rooted in greater public support for social assistance. Certainly, assistance policies as they existed prior to the mid-1960s in the two countries provide absolutely no evidence of this claim.

V. DIFFERENCES IN CANADA AND THE U.S.: AN INTERPRETATION

An examination of the development of social assistance in

Canada and the United States reveals several interesting facts which require explanation: the lack of any significant national clustering prior to the mid-1930s, the lack of significant central government involvement in the field of social assistance in Canada for more than twenty years after the inception of a federal cost-sharing program in the United States and, despite this, the development of a more generous assistance system in Canada over the past three decades. An understanding of these differences permits speculation about future patterns of social assistance policy.

It is often argued that central institutions which are relatively insulated from public pressures allow elites to implement generous assistance measures regardless of levels of public support for social assistance.⁸⁶ It is generally accepted that government processes are more open to public pressure in the United States than in Canada and thus more constrained by public pressure. Differences in the level of institutional centralization and fragmentation also generate expectations that central government initiatives would be more difficult to undertake in the U.S. than in Canada.

The basic proposition is that the greater the institutional fragmentation of power, the greater the difficulties in reaching agreement on policy, and therefore the broader the political consensus required before innovations occur. Conventional wisdom holds...that whereas the cabinet system of government facilitates agreement on clear lines of policy, the American congressional system, with its checks and balances and multiple veto points, increases the likelihood that any given proposal will be rejected or compromised to death, and that immobilism will result. ...[T]he congressional system does seem to require a broader political consensus before major action can be undertaken.⁸⁷

To the extent that formal institutional considerations appeared to present more significant barriers to central government intervention in the U.S. than in Canada, the differences between the two countries in the timing and scope of central government policies for the needy stand in even starker relief.

Despite these greater institutional hurdles, initial central government involvement in the general provision of social assistance in the U.S. was made easier as a result of the established tradition of provision for the needy through veterans' pensions. Skocpol con-

cludes that “the past did matter for the future of American social policy-making” and that “[a]t the federal and state levels, institutionalized social programs from the maternalist era survived to become parts of America’s new nationwide system of public social provision launched in the 1930s.”⁸⁸ Central government involvement was the result of the combination of the pressures caused by the Depression, coupled with the historical tradition of central government involvement in the provision for the needy established under the system of Civil War pensions. After the Civil War and through to the 1930s, central government assistance programs were institutionalized in the U.S. in two ways: a national administrative capacity for designing and delivering benefits was developed and, secondly, a shared set of understandings among both the public and policymakers about the appropriate role of the state in providing such benefits was established.⁸⁹ The relationship between social policy and the Civil War in the American context is in keeping with “the historical experience of late medieval and early modern Europe” in which “war was the great statebuilder[.]”⁹⁰

Differences in institutional capacity may contribute to an explanation of the greater development of assistance programs in the U.S. from Civil War benefits and the poor laws through mothers’ allowances to ADC and AFDC. The difficulty is that differences in institutional capacity do not explain why Canadian assistance policy (where institutional capacity appeared to be less fully developed) surpassed that of the U.S. at a particular historical juncture.

It has been argued that differences between the United States and Canada along demographic axes cannot explain divergent social assistance policy.⁹¹ Although demographic factors in Canada and the U.S. may be very similar, there remains one *crucial* difference: race. Certain authors have argued that differences in the racial characteristics of the respective national populations do not play a central role in explaining variations in social assistance policies between Canada and the U.S. “[R]ace is a relatively minor reason for differences between welfare politics in the two countries.”⁹² Yet most accounts argue that race is central. Myles, for example, refers to race as “...the fundamental cleavage that continues to shape the politics of social policy in the United States[.]”⁹³

The single most important factor in pushing poverty to the top of the American political agenda, a trend culminating in the 1960s, was the mass migration and urbanization of “...people who belonged

to groups for whom poverty was endemic but who, for the most part, had been left out of the mainstream of American life," especially "displaced and unemployed southern blacks[.]"⁹⁴ Mass migration and urbanization was the result of massive social and economic restructuring,

...the major cause [of which] was the agricultural revolution that occurred between the 1940s and 1960s, especially modernization and mechanization, which lessened the need for farm labor. [...] Between 1940 and 1970, well over twenty million people (a great many of whom were black) were forced off the land, especially in the South, where these forces had their greatest impact.⁹⁵

The expansion of social assistance in these circumstances was not simply a mechanical or automatic response but rather "...was a political response to political disorder" caused by these socio-demographic processes.⁹⁶ As Galbraith argues,

[u]ntil relatively recent times the poor were not with us, at least in any pressing way. They were hidden away...[...]...with primitive food, clothing and housing, little chance for education and no civil rights or political voice, they were invisible, unheard, as sharecroppers on the plantations of the old South or the adjacent villages. Only when they came to the cities did welfare and associated help become essential. As people cannot be allowed to die for lack of money, so they cannot be allowed to starve surrounded by the affluent and well-fed. Welfare was not the creation of liberals or even of unwed mothers acting with liberal support and encouragement. It was the result of one of the great migrations of modern times.⁹⁷

For quite obvious reasons, the technological revolution in agriculture did not have the same effects in Canada as in the U.S.: production units were smaller, crops tended to be less labor intensive, and, above all, there was no similar social division between a small landed aristocracy and large numbers of unpropertied laborers. Most simply, the social and economic structure of the American south had no Canadian analogue and there was no similar pool of agricultural labor to undergo the transformation to free wage labor.⁹⁸

Despite the established tradition and institutionalization of a significant government role in providing for the well-being of the needy, American social assistance programs were to become trapped

by the constraints of race. The most compelling explanation for the more strident welfare backlash in the U.S. than Canada over the course of the 1960s to the present emerges from the fact not that categorical programs in the U.S. were limited to single mothers, but that single mothers on assistance came to be identified as black and associated with social ills such as family breakdown and illegitimacy. The contrast between the non-controversial implementation of ADC in comparison to the severe attacks which AFDC was to face in the 1960s and 1970s is a result of the fact that "...the rolls increased dramatically and contained many unmarried black women (as opposed to "worthy" white widows)."⁹⁹ According to Trattner, it was the changing composition of the AFDC rolls which led directly to punitive social assistance policy in the United States.

Whereas between 1935 and the early 1950s, the elderly received the bulk of federal and state welfare funds, by the middle of the decade [1950s] recipients of ADC (or AFDC...) outnumbered all others receiving such assistance. Furthermore, whereas earlier most recipients of ADC were dependent white children with widowed mothers, an increasing number of those who received such funds now were single black women with illegitimate children -- a trend that would increase significantly in the following years.¹⁰⁰

Thus, Trattner argues, "as the welfare explosion continued and the stereotype of the "reliever" hardened into the image of the black woman with hordes of illegitimate children -- adding racism to the traditional prejudice against the poor, a potent combination -- the reaction progressed."¹⁰¹

Fiscal competition arising out of the belief that assistance provision significantly affects migration decisions has also likely been a considerably more significant factor in the U.S. than in Canada as a result of the different historical contexts in which federalism operated, especially the American experience of mass migration of millions of displaced people. A central pillar of the fiscal competition argument is the assumption of high levels of social assistance recipient mobility: "...the ease with which both money and people move about in federations ...constrains welfare initiatives at the local level."¹⁰² Interstate mobility was significant in the U.S. in the 1940s, 1950s, and 1960s when, on a large-scale basis, displacement and migration were not a matter of choice. In contrast to the dynamic of

competitive emulation which drove the earlier expansion of mothers' allowances, competitive downward pressure dampening generosity seems to have been the dynamic emerging out of this later period.¹⁰³

The point is not that such migration does not or has not taken place in Canada, but that it probably has not had the same impact. Positing a significant connection between interprovincial mobility and the generosity of benefits across Canadian jurisdictions is contentious at best and supported only by anecdotal evidence. Most simply, assistance recipients (especially from low benefit provinces) are probably the least likely portion of the population to have the financial means to move interprovincially and establish a new residence while facing a certain (perhaps lengthy) interruption of benefits. For recipients who do relocate, such mobility is likely to be based on consideration of the relative employment opportunities in the various provinces rather than the relative generosity of assistance. Whether or not significant interjurisdictional movements of recipients actually takes place, belief among the public and policymakers that it does occur is likely to have considerable significance. To the extent that mass migration among the poor was a much more readily evident phenomenon in the United States, it is likely that the belief that such migration patterns are affected by assistance provision is more deeply rooted in the U.S. than in Canada.

VI. CONCLUSION

Should continuing distinctiveness be the predominant pattern in the development of social assistance in Canada and the U.S., the weakness of economic and cultural integration relative to other forces shaping policy will be quite evident. Even if convergence does take place in the future, the role of economic and cultural integration in causing it will be much more open to question, and arguments positing a causal link between convergence and economic and cultural integration will still face significant hurdles.

First of all, such arguments will have to explain why substantial divergence in policy took place over the course of the past thirty years, a period during which considerable economic and cultural integration has been taking place. Secondly, such arguments would have to rule out other plausible explanations of convergence. For instance, convergence may occur as the result of a variety of factors including parallel domestic forces operating "without any necessary

Blank and Hanratty's. Canadian provinces are generally more generous than American states although low-benefit provinces and high-benefit states are roughly comparable.

Figure 5 compares maximum assistance income packages in the provinces with assistance packages comprised of AFDC, food stamps, housing assistance, utilities assistance, the special supplement food program for women, infants, and children (WIC), and commodity benefits in the contiguous states. The picture that emerges is in keeping with that painted by Walker and Emes, yet even starker. Benefits in Canadian provinces are roughly comparable with those in the less generous states, with the least generous province (New Brunswick) ranking lower than the least generous state (Mississippi).

The difference between these two scenarios lies primarily in the treatment of housing benefits. Housing subsidies are an important in-kind assistance benefit and their inclusion or exclusion from rate comparisons is crucial to the conclusions drawn. Federal housing aid is generally provided in two ways. The first is a "production-based approach" which is "typically tied to projects specifically produced for lower-income households through new construction or substantial rehabilitation."¹⁰⁹ Housing assistance is also provided through rental certificates and vouchers (for rents within established guidelines) to households renting accommodations from the existing privately-owned stock whose rental prices are within established guidelines.¹¹⁰ Both types of housing assistance programs "generally reduce tenants' rent payments to a fixed percentage -- currently 30 percent -- of their income after certain deductions, with the Government paying the remaining portion of the rent."¹¹¹ The mix between these two types of housing assistance has increasingly come to favor voucher programs with the proportion of housing aid geared to the production approach, dropping from between half to three-quarters of program commitments at the beginning of the 1980s to about a third by the beginning of the 1990s.¹¹² In addition to rental housing assistance, the central government "also assists some lower- and moderate-income households in becoming homeowners by making long-term commitments to reduce their mortgage interest."¹¹³

The benefits received through housing assistance are significant. Housing subsidies range from \$8,600 in the District of Columbia to \$2,750 in Montana.¹¹⁴ In DC, the housing benefit alone exceeded maximum AFDC and Food Stamp benefits *combined*. Housing benefits averaged \$2,645 per year per household in 1994 in

comparison with average AFDC/General Assistance benefits of \$3,995 and average food stamp benefits of \$2,251.¹¹⁵ However, in stark contrast to food stamps, which is *the* entitlement program of last resort in the U.S., “[h]ousing has never been provided an entitlement to all households that qualify for aid.”¹¹⁶ Housing subsidies are provided to the extent they receive adequate funding and where geographically available. Hence, the crucial difference between these in-kind programs is that while most of all households receiving assistance also receive food stamps (84.5 percent of AFDC household) only 29.7 percent of such households receive housing benefits.¹¹⁷

VIII. APPENDIX

FIGURE ONE

*author’s calculations

Sources:

United States, Department of Commerce, Bureau of the Census. *Historical Statistics of the United States: Colonial Times to 1970* (U.S. Department of Commerce, 1975).

United States, Department of Labor, Children’s Bureau. *Mothers’ Aid, 1931* (Washington: Government Printing Office, 1933).

Canada, Statistics Canada. *Canadian Economic Observer, 1991-92* (Ottawa: Statistics Canada, 1992)

FIGURE TWO

U.S. WEIGHTED AVG.*:	\$29.09
RANGE:	\$4.33-\$69.31
CDN. WEIGHTED AVG*:	\$24.79**
RANGE:	\$12.26-\$34.88**

Notes:

*author's calculations

**Canadian 1942 amounts have been deflated to their 1931 equivalent.

Sources:

United States, Department of Commerce, Bureau of the Census. *Historical Statistics of the United States: Colonial Times to 1970* (U.S. Department of Commerce, 1975).

United States, Department of Labour, Children's Bureau. *Mothers' Aid, 1931* (Washington: Government Printing Office, 1933.)

Canada, Statistics Canada. *Canadian Economic Observer, 1991-92* (Ottawa: Statistics Canada, 1992).

FIGURE THREE

Note: Canadian data include expenditures under the Canada Assistance Program and earlier programs for disabled people, as well as provincial and municipal welfare. U.S. data include AFDC, SSI, food stamps, general assistance, and other categorical payments under the Social Security Act *excluding* Medicaid expenditure

*Sources:

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United States. House of Representatives, Committee on Ways and Means, 1996 *Green Book: Overview of Entitlement Programs* (Washington: U.S. Government Printing Office, 1996).

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Human Resources Development Canada, *Social Security Statistics: Canada and the Provinces, 1970-71 to 1994-95* (Ottawa: Minister of Supply and Services, 1994).

FIGURE FOUR

Walker, Michael and Joel Emes, "Are Canadians Less Compassionate than Americans?" *Fraser Forum* (April 1996).

Michael Tanner, Stephen Moore, and David Hartman, "The Work vs. Welfare Trade-Off: An Analysis of the Total Level of Welfare Benefits by State" *CATO Policy Analysis* No.240 (September 1995).

Walker and Emes' data for Canadian benefit rates are adjusted to exclude earnings income which were not included in the benefit calculations of Tanner, Moore, and Hartman against which Walker and Emes compare Canadian assistance incomes.

FIGURE FIVE

Walker, Michael and Joel Emes, "Are Canadians Less Compassionate than Americans?" *Fraser Forum* (April 1996).

Michael Tanner, Stephen Moore, and David Hartman, "The Work vs. Welfare Trade-Off: An Analysis of the Total Level of Welfare Benefits by State" *CATO Policy Analysis* No.240 (September 1995).

Walker and Emes' data for Canadian benefits rates are adjusted to exclude exempted earnings income which were not included in the benefit calculations of Tanner, Moore, and Hartman against which Walker and Emes compare Canadian assistance incomes. To increase comparability, Medicaid is not included as an in-kind benefit.

FIGURE SIX

National Council of Welfare, *Welfare Incomes 1995* (Ottawa: Minister of Supply and Services, 1997).

United States, House of Representatives, Committee on Ways and Means, *1996 Green Book: Overview of Entitlement Programs* (Washington: U.S. Government Printing Office, 1996).

United States, House of Representatives, Committee on Ways and Means, *1986 Green Book: Overview of Entitlement Programs* (Washington: U.S. Government Printing Office, 1986).

FIGURE SEVEN

Note: The first two columns compare the overall costs for transfer programs as they exist in the U.S. with the overall estimated cost if the average Canadian transfer program were adopted in the U.S. under the assumptions of full participation (everyone eligible for benefits would claim) and (A) zero elasticity and (B) high elasticities of labor supply responses to changes in welfare policy. The last two columns compare the overall costs for transfer programs as they exist in the U.S. with the overall estimated cost if the average Canadian transfer program were adopted under the assumptions of actual take-up rates as they exist in average Canadian provinces (the actual proportion of people eligible for benefits who claim them) and (A) zero elasticity and (B) high elasticities of labor supply responses to changes in welfare policy.

*Source:

Rebecca M. Blank and Maria J. Hanratty, "Responding to Need: A Comparison of Social Safety Nets in Canada and the United States," in David Card and Richard B. Freeman, ed., *Small Differences that Matter: Labor Markets and Income Maintenance in Canada and the United States* (Chicago: University of Chicago Press, 1993).

Human Resources Development Canada, *Social Security Statistics: Canada and the Provinces, 1970-71 to 1994-95* (Ottawa: Minister of Supply and Services, 1994).

FIGURE FOUR

Walker, Michael and Joel Emes, "Are Canadians Less Compassionate than Americans?" *Fraser Forum* (April 1996).

Michael Tanner, Stephen Moore, and David Hartman, "The Work vs. Welfare Trade-Off: An Analysis of the Total Level of Welfare Benefits by State" *CATO Policy Analysis* No.240 (September 1995).

Walker and Emes' data for Canadian benefit rates are adjusted to exclude earnings income which were not included in the benefit calculations of Tanner, Moore, and Hartman against which Walker and Emes compare Canadian assistance incomes.

FIGURE FIVE

Walker, Michael and Joel Emes, "Are Canadians Less Compassionate than Americans?" *Fraser Forum* (April 1996).

Michael Tanner, Stephen Moore, and David Hartman, "The Work vs. Welfare Trade-Off: An Analysis of the Total Level of Welfare Benefits by State" *CATO Policy Analysis* No.240 (September 1995).

Walker and Emes' data for Canadian benefits rates are adjusted to exclude exempted earnings income which were not included in the benefit calculations of Tanner, Moore, and Hartman against which Walker and Emes compare Canadian assistance incomes. To increase comparability, Medicaid is not included as an in-kind benefit.

FIGURE SIX

National Council of Welfare, *Welfare Incomes 1995* (Ottawa: Minister of Supply and Services, 1997).

United States, House of Representatives, Committee on Ways and Means, *1996 Green Book: Overview of Entitlement Programs* (Washington: U.S. Government Printing Office, 1996).

United States, House of Representatives, Committee on Ways and Means, *1986 Green Book: Overview of Entitlement Programs* (Washington: U.S. Government Printing Office, 1986).

FIGURE SEVEN

Note: The first two columns compare the overall costs for transfer programs as they exist in the U.S. with the overall estimated cost if the average Canadian transfer program were adopted in the U.S. under the assumptions of full participation (everyone eligible for benefits would claim) and (A) zero elasticity and (B) high elasticities of labor supply responses to changes in welfare policy. The last two columns compare the overall costs for transfer programs as they exist in the U.S. with the overall estimated cost if the average Canadian transfer program were adopted under the assumptions of actual take-up rates as they exist in average Canadian provinces (the actual proportion of people eligible for benefits who claim them) and (A) zero elasticity and (B) high elasticities of labor supply responses to changes in welfare policy.

*Source:

Rebecca M. Blank and Maria J. Hanratty, "Responding to Need: A Comparison of Social Safety Nets in Canada and the United States," in David Card and Richard B. Freeman, ed., *Small Differences that Matter: Labor Markets and Income Maintenance in Canada and the United States* (Chicago: University of Chicago Press, 1993).

ACRONYMS

ADC	U.S. Aid to Dependent Children
AFDC	U.S. Aid for Dependent Children program
CAP	Canada Assistance Plan
CHST	Canada Health and Social Transfer Act
CUFTA	Canada-U.S. Free Trade Agreement
NAFTA	North American Free Trade Agreement
SSI	U.S. Supplemental Security Income
TANF	U.S. Temporary Assistance to Needy Families
UI/EI	Unemployment Insurance
WIC	U.S. Supplementary food program for women, infants, and children
WIP	U.S. Work Incentive Program

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NOTES

¹Myles, 3. For an example of the former, see Banting, "Economic Integration and Social Policy".

²Ismael, xv.

³Writing in the 1990s, Blank and Hanratty noted that they could not find an adequate comparison of the details of Canadian and United States needs-based programs elsewhere in the literature. Blank and Hanratty, 192.

⁴*National* programs here refers to those which are nationally uniform. *Federal* programs refer to those programs incorporating central government and state/provincial government policy input and which allow for significant sub-national variation.

⁵The most well-known author here is S.M. Lipset. See Lipset, *Continental Divide* and *American Exceptionalism*.

⁶The widely varying effects of means-tested assistance on the economy and society are outlined compellingly in Polanyi, *The Great Transformation*. The state, under the Elizabethan poor law, actively stratified recipients into the deserving and undeserving poor and, while providing relatively generous relief for deserving recipients, enforced strong negative sanctions against the undeserving including requiring the latter to work in return for assistance. In sharp contrast, the Speenhamland system (1795-1834) provided that "...subsidies in aid of wages should be granted in accordance with a scale dependent upon the price of bread, so that a minimum income should be assured to the poor *irrespective of their earnings*." Polanyi, 78. Different yet again, the New Poor Law explicitly entailed three principles which were contrary to the Elizabethan Poor Law: uniform treatment of different categories of recipients, the abolition of outdoor relief, and less-eligibility -- the principle that *no one* receiving assistance should be better off on assistance than working at the lowest market wage.

⁷For an overview of these differences, see Boychuk, *Patchworks of Purpose* (forthcoming).

⁸ Ontario Social Assistance Review Committee, *Transitions*; Canada, National Council of Welfare, *Welfare in Canada*, 2. See also Quebec, *Report of the Commission*, 13.

⁹ Birch, 177. Italics mine.

¹⁰ Trattner, 11, 17.

¹¹ Trattner, 34. For an examination of the spread of this model in the post-Revolution context to the northwestern and southern states, see Trattner, 38-9.

¹² Trattner, 55.

¹³ Trattner, 55. For an overview, see Katz, *In the Shadow of the Poorhouse* and Elman, *The Poorhouse State*.

¹⁴ Birch, 177.

¹⁵ For an excellent overview, see Skocpol, "The Origins of Social Policy" and Skocpol, *Social Policy in the United States*, 37.

¹⁶ Skocpol, *Protecting Soldiers and Mothers*, 1.

¹⁷ See Skocpol, *Social Policy in the United States*, 37.

¹⁸ Skocpol, "The Origins of Social Policy," 187. It was the case that "...by 1935 all but two -- South Carolina and Georgia -- were extending aid to widows with children." Trattner, 202.

¹⁹ Trattner, 203.

²⁰ Trattner, 203.

²¹ See Leman, 24.

²² Depending upon how the calculations are made including or excluding Newfoundland -- not yet a province -- and Saskatchewan where mothers' allowances arguably were not truly mothers' allowances, prior to 1940, roughly 40 percent to half of the Canadian population lived in provinces in which mothers' allowances were not offered.

²³ Banting, *The Welfare State*.

²⁴ This methodological approach and its focus on sub-national clustering is drawn from Przeworski and Teune, *The Logic of Comparative Social Inquiry*.

²⁵ Under the ADC, "...the national government funded one-third of the cost of supporting dependent children, up to a monthly limit of \$18 for the first child, and \$12 for each additional child. States wanting to make more generous payments were forced to pay 100 percent of the cost in excess of the maximums." Hanson, "Liberalism and the Course of American Social Welfare Policy", 143. For an excellent overview of AFDC and other U.S. social assistance programs, see United States, *Social Security Bulletin*.

²⁶ Kudrle and Marmor, 99.

²⁷ Kudrle and Marmor, 99.

²⁸ Kudrle and Marmor, 100.

²⁹ Kudrle and Marmor, 103.

³⁰ Lowi and Ginsburg, 696.

³¹ For an overview, see Government of Canada, *A Study Team Report*, 66. See also Government of Canada, *Fiscal Federalism in Canada*.

³² Moscovitch, "The Canada Assistance Plan, 288. CAP also extended cost-sharing to a range of welfare services.

³³ Leman, 23.

³⁴ Kudrle and Marmor, 103.

³⁵ This latter practice had been disallowed in the U.S. by a Supreme Court ruling in 1968. Trattner, 282.

³⁶ Trattner, 267.

³⁷ A means-tested program only considers the resources available to recipients on the assumption that needs are similar for all individuals and families of a given size. A needs-tested program considers the

means of recipients (and thus incorporates a means test) but also considers the variable needs of individuals and families.

³⁸ Blank and Hanratty, 198.

³⁹ Boychuk, "Reforming the Canadian Social Assistance Complex," 116. For a much more detailed account of contemporary and historical differences in social assistance provision in the various provinces, see Boychuk, *Patchworks of Purpose*. See also, Boychuk, "Floor or Ceiling?" .

⁴⁰ Blank and Hanratty, 198.

⁴¹ Dye, 137.

⁴² "Welfare Reform: Time Out" *The Economist*, Dec. 3,1994, 33.

⁴³ "Moynihan Turns Up the Heat" *The Economist*, Nov.11, 1995, 32.

⁴⁴ "What the People Want" *The Economist*, Jan. 13,1996.

⁴⁵Graham Fraser, "Clinton Bends on Welfare Cuts" *Globe and Mail*, Aug.1, 1996 and Graham Fraser, "Clinton Ends Welfare as Americans Know It" *Globe and Mail*, Aug.3, 1996, A1.

⁴⁶ Hanratty and Blank, 246.

⁴⁷ Blank, "The Employment Strategy", 187.

⁴⁸ Dye, 142.

⁴⁹ Blank and Hanratty, 199.

⁵⁰ For an excellent overview of state initiatives, see Shapiro *et al.* and Lav *et al.*

⁵¹ Blank, 183.

⁵² U.S. Committee on Ways and Means 1996, 434.

⁵³ U.S. Committee on Ways and Means 1996, 434.

⁵⁴ U.S. Committee on Ways and Means 1996, 435.

⁵⁵ U.S. Committee on Ways and Means 1996, 435.

- ⁵⁶ US Committee on Ways and Means 1996, 434.
- ⁵⁷ Greenberg, Savner, and Swartz, 1.
- ⁵⁸ Greenberg, Savner, and Swartz, 2.
- ⁵⁹ Greenberg, Savner, Swartz, 3.
- ⁶⁰ Blank and Hanratty, 197.
- ⁶¹ See Shapiro *et al.* and Lav *et al.*.
- ⁶² Blank, 179.
- ⁶³ Banting, "Economic Integration and Social Policy," 36 and Banting, "The Social Policy Divide," 298.
- ⁶⁴ See National Council of Welfare, *Welfare Incomes 1995*.
- ⁶⁵ See Moscovitch, "Social Assistance in the New Ontario."
- ⁶⁶ "Single Parents to Work for Welfare: Bill Introduced to Revamp System" *Globe and Mail* June 13, 1997, A1.
- ⁶⁷ Banting, "The Social Policy Divide," 297.
- ⁶⁸ Banting, "The Social Policy Divide," 299.
- ⁶⁹ Hanratty and Blank, 219.
- ⁷⁰ To my knowledge, a more recent re-creation of Blank and Hanratty's comparison for 1986, although badly needed, does not exist.
- ⁷¹ Banting, "Economic Integration," 21.
- ⁷² Banting, "Economic Integration," 21.
- ⁷³ See Banting, "Economic Integration."
- ⁷⁴ See Banting, "Economic Integration," for a discussion of the possible weaknesses in assessing the effects of economic integration on social policy in Canada and the U.S. at this point in time.
- ⁷⁵ Myles, i.
- ⁷⁶ Myles, 19.

⁷⁷ Skocpol, "The Origins of Social Policy," 202.

⁷⁸ Blank and Hanratty, 219. Italics mine.

⁷⁹ For more general arguments along these lines, see King, "Ideas, Institutions, and the Policies of Governments" and Rimlinger, *Welfare Policy and Industrialization*. For specific arguments regarding the U.S. and Canada, especially, Lipset, *Continental Divide* and Lipset, *American Exceptionalism*.

⁸⁰ See Boychuk, *Patchworks of Purpose*.

⁸¹ Hanson, 139.

⁸² Hanson, 135.

⁸³ The Gallup Organization in 1989 (in a presentation to Ontario's Ministry of Community and Social Services) claimed that differences in Canadian and American attitudes towards the welfare state were mythical. This argument is noted by Lightman. For a similar argument from a broader comparative perspective see Coughlin. For a more dated overview of data on public opinion in the U.S. and Canada which existed at the time, see Leman, esp. 16.

⁸⁴ Coughlin, 111.

⁸⁵ See, especially, Lightman.

⁸⁶ See, in this regard, Banting, *The Welfare State*, esp. 122.

⁸⁷ Banting, *The Welfare State*, 40.

⁸⁸ Skocpol, *Protecting Soldiers and Mothers*, 11.

⁸⁹ Regarding state capacity, see especially Skocpol and Finegold.

⁹⁰ Skocpol and Finegold, 262.

⁹¹ Leman, 15.

⁹² Leman, xv.

⁹³ Myles, 14.

⁹⁴ Trattner, 285.

⁹⁵ Trattner, 286-7.

⁹⁶ Piven and Cloward, quoted in Trattner, 286.

⁹⁷ John Kenneth Galbraith, "Blame History, Not the Liberals" *Globe and Mail*, Sept. 21, 1995, A21.

⁹⁸ This argument is not intended to be technologically deterministic. Rather, the technological particularities of agricultural production in the two countries contributed to particular social structures; concomitantly, the social structures and social relations of power in the two countries contributed to determining the form of relations in agricultural production and the attendant technological particularities of such production.

⁹⁹ Trattner, 264.

¹⁰⁰ Trattner, 281.

¹⁰¹ Trattner, 299.

¹⁰² Banting, *The Welfare State*, 64.

¹⁰³ See Hanson, esp. 156.

¹⁰⁴ Banting, Hoberg, Simeon, 16.

¹⁰⁵ This observation was initially pointed out to me by Prof. T. Flanagan and I would like to record my thanks to him.

¹⁰⁶ Blank and Hanratty, 197.

¹⁰⁷ Blank and Hanratty, 192.

¹⁰⁸ Walker and Emes, 8.

¹⁰⁹ U.S. Committee on Ways and Means 1996, 916.

¹¹⁰ U.S. Committee on Ways and Means 1996, 916-17.

¹¹¹ U.S. Committee on Ways and Means 1996, 916.

¹¹² U.S. Committee on Ways and Means 1996, 918.

¹¹³ U.S. Committee on Ways and Means 1996, 917.

¹¹⁴ Tanner, Moore, and Hartman, 18.

¹¹⁵ U.S. Committee on Ways and Means 1996, 401.

¹¹⁶ U.S. Committee on Ways and Means 1991, 1438.

¹¹⁷ U.S. Committee on Ways and Means 1996, 401.

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