

The history of canadian social system

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For decades, Canada has strived to take care of all of its citizens, earning the nation a worldwide reputation for altruism and collectivism. Efforts to incorporate socialist ideals have given birth to one of the most well-known and expansive social safety nets on the globe. One component of this social safety net is social assistance, or welfare – an umbrella term which covers a variety of social systems throughout Canada with individual policies and regulations. It is important to note that there is no federal social assistance program – the term instead refers to the various last-resort income support organizations in different provinces, territories, and regions. They have been referred to as “ the final layer of the public social safety net”, supporting individuals in desperate need that have no other means of assistance. In recent years, such systems have been praised for lowering crime rates and poverty levels, yet justifiably criticized for being ineffective and unjustifiably costly.

Spending on social assistance programs should increase to provide sufficient benefits to clients, relieve the unnecessary strain currently placed on other social services, and to significantly develop the nation both socially and economically. Social assistance, and Canada’s welfare state as a whole, has a long history, beginning in the decades following World War II as the nation enjoyed low unemployment, high tax revenue, and a strong feeling of unity. In 1966, the federal government moved to share welfare costs with provincial, territorial and municipal governments through the Canada Assistance Plan (CAP). As unemployment grew throughout the mid 1960’s and early 1970’s, social assistance spending automatically grew to provide

for those who could not provide for themselves. This became particularly noticeable in the late 1970s, when the economy started to decline.

Symptoms of a “ full employment sickness”, predicted by Polish Economist Michal Kalecki after World War II, began to show. Demand for interventionist policies, including tighter regulations and higher taxes, rose as workers became more empowered, business investment slowed, and inflation rose, which all combined to place a considerable restriction on employers. In 1966, after years of reduced expenditures, the CAP was repealed and replaced by the Canada Health and Social Transfer (CHST), reducing federal funding by over \$6 billion from 1994 to 1998. This allowed provinces and territories to overhaul their own welfare systems. Now free from federal government conditions, most chose to restrict eligibility, reduce benefit levels, and place more pressure on fringe applicants (at times addicts and single mothers) to find work and leave welfare.

Most recently, the CHST split to form the Canada Health Transfer and the Canada Social Transfer in 2004, the latter of which funds social assistance, post-secondary education, and social services. The goal of provincial social assistance programs is generally to help people in temporary need of government aid, including both financial and employment assistance.

Provincial welfare spending has steadily increased throughout the past 10 years, as evidenced by Ontario Works expanding from just under \$2 billion in 2009 to just under \$3 billion in the 2016/17 fiscal year (Figure 1). Firstly, current social assistance benefits are insufficient, and do not adequately support those in need. If such an extensive amount of money is being spent

on social assistance programs, they should be able to serve their purpose. Increasing funding now would actually support low-income households, expand coverage to more unemployed individuals, and overhaul the confusing current system.

At present, over 70% of low-income households receiving social assistance have inadequate access to food, a situation known as “ food insecurity”, and nearly 30% are severely food insecure. This is unacceptable, especially considering that the primary goal of welfare is to support the costs of basic needs, like food. Benefit levels are not even enough for households to be considered above the poverty line (Figure 2). Additionally, the little aid that social assistance does provide is plagued by inequality. For example, single adults make disproportionately less and are more impoverished. Digging deeper, only a small percentage of immigrants receive social assistance, and women still face lower employment assistance benefits. These inequalities must be addressed to protect everyone’s right to a reasonable standard of living, but are quite simply overlooked too often.

Furthermore, the current system is overcomplicated, making it difficult for recipients to understand and for programs to manage. Funding could undoubtedly simplify the program, making applications simpler, research more readily available, and information more accessible. Secondly, increased funding would alleviate the unnecessary strain currently being placed on other social systems. By providing inadequate benefits, clients must rely on other social services to provide direct assistance. Welfare recipients cannot afford housing on current benefit levels. This places a strain on social

housing funding, which is primarily used for “rent supplement” – covering the gap between operator costs and what low-income households can afford. If social assistance benefits were higher, there would be less need for social housing funding. Alternatively, social systems must provide additional assistance to welfare beneficiaries as a result of the consequences of being impoverished.

Poverty is associated with poor health outcomes, which leads to higher health care costs. Because clients on welfare receive inadequate support, they stay impoverished for longer and are unhealthier for longer, running up health care costs. Take for example, the problem of food insecurity, which 70% of welfare recipients face. Not having sufficient access to food impacts has large impacts on physical, mental, and social health. In children, being food insecure increases the risk of hyperactivity, suicide, and depression in adolescence and adulthood. Food insecure adults are more likely to develop multiple chronic conditions, including arthritis, diabetes, and heart disease, and also experience depression, anxiety, and mood disorders at a higher rate. Research has shown that it is clear food insecurity is rooted in poverty, so greater welfare would serve to alleviate the issue and help just one of the many strains placed on different social systems. As a whole, it is very likely that increased social assistance benefit levels would reduce health care costs in Canada, which currently stand at around a staggering \$38 billion.

Lastly, an increase in welfare benefits would produce considerable social and economic developments. Studies have shown that even modest increases, between 15-20%, in benefit levels have been estimated to lower

homelessness and reduce demand for shelter beds by the same rate. Giving families in need of assistance sufficient levels to live on would allow fellow Canadians to live respectably and protect their right to live with dignity. One study researched the effects of Ontario Works recipients switching to ODSP, which is Ontario's disability welfare program. The study found that ODSP's improved health coverage and higher monthly benefits lead to increased spending on food, decreased reliance on food banks and meal programs, decreased spending on alcohol and drugs, and greater motivation to find employment and get off welfare. In short, greater benefits (provided by ODSP) actually provide the support that individuals desperately needed – this should be a feature of regular social assistance programs. Increased benefits would also reduce unemployment.

One study shows a very strong correlation between the percentage of adults on welfare and Canada's employment rate over time. In addition to raising quality of life, lower unemployment will have a profoundly positive effect on the economy. Social assistance and Employment Insurance cases will decrease, saving provincial, territorial, and municipal governments money, tax revenue will increase, the government will borrow less, and real GDP will expand. It will be easier for other unemployed individuals to find work when unemployment is low, as businesses expand operations. Consumer spending will also increase as more people will have money to spend. Furthermore, maintaining current welfare systems will cost taxpayers far more than the costs of improving said systems in the long run.

In conclusion, the welfare systems of current provincial, territorial, and municipal governments are failing the Canadian people. Benefit levels are insufficient, not adequately providing for those in need, are delivered unequally, and programs are over complicated, making it difficult for individuals to navigate and for governments to maintain. This in turn puts a strain on various other social systems, including social housing funding and health care. The issue will continue to persist if action is not taken immediately – increasing spending on social assistance programs will provide sufficient benefits to clients by fixing benefit levels and the system as a whole, which will relieve the unnecessary strain placed on other social services as a result. Finally, as a nation, Canada will enjoy the significant social and economic benefits of lower homelessness, higher employment, and a modern, up-to-date welfare system.