

# POVERTY AND THE MODERN WELFARE STATE

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## LEARNING OBJECTIVES

At the conclusion of this chapter, the reader will:

- understand why poverty is a threat to Canadians' health and quality of life;
  - have a sense of the meaning of living in poverty in Canada;
  - be able to place the incidence of poverty in Canada within a public policy perspective;
  - be able to relate the incidence and effects of poverty to various forms of the modern welfare state;
  - understand various perspectives that account for the incidence of poverty in a wealthy nation such as Canada.
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## INTRODUCTION

Canadians have traditionally considered their nation to be among the most humane and caring on the planet. Compared to the public policies of their American neighbour to the south, Canadians view their public policies concerning the provision of health care and social services and other supports to citizens to be responsive, fair, and equitable. These supports to citizens constitute what has come to be known as the modern welfare state. Yet Canada has one of the highest poverty rates for individuals and families among wealthy industrialized nations (Innocenti Research Centre, 2005). In reality, Canada's approach to public policy in a wide range of spheres—including public policy concerning the prevention of poverty—is quite undeveloped as compared to most European nations (Organisation for Economic Co-operation and Development, 2005). And poverty is the strongest determinant of health (Raphael, 2001). Poverty is also the strongest determinant of a variety of other indicators of societal well-being, such as literacy levels, crime and safety, social cohesion and community solidarity, as well as general well-being (Judge and Paterson, 2002); these latter indicators are often described as measuring the quality of life.

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**Box 1.1: Frederick Engels on Poverty**

All conceivable evils are heaped upon the poor... They are given damp dwellings, cellar dens that are not waterproof from below or garrets that leak from above... They are supplied bad, tattered, or rotten clothing, adulterated and indigestible food. They are exposed to the most exciting changes of mental condition, the most violent vibrations between hope and fear... They are deprived of all enjoyments except sexual indulgence and drunkenness and are worked every day to the point of complete exhaustion of their mental and physical energies...

Source: From *The Condition of the Working Class in England* (p.129), by Frederick Engels, 1845/1987. New York: Penguin Classics.

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This volume is about poverty and public policy in Canada and their effects upon health and quality of life. It considers poverty as resulting from governmental decisions that determine the organization and distribution of economic and social resources amongst the population. And these governmental decisions are shaped by both domestic and international political and economic forces. In this introductory chapter, arguments are advanced as to why the existence of poverty should be a major concern to Canadians. These arguments focus upon the effects poverty has upon Canadians' individual and collective health as well as quality of life. Combined, these outcomes influence Canada's ability to respond to the economic and social demands of a post-industrial economy.

In this chapter, various definitions of poverty and frameworks are presented that assist in understanding why the incidence of poverty—with its related threats to health and quality of life—is so high in Canada as compared to many other wealthy industrialized nations. This sets the stage for introducing the general themes that are developed in subsequent chapters.

## **WHY IS THE INCIDENCE AND EXPERIENCE OF POVERTY IMPORTANT?**

The term poverty often conjures up images of people living in dilapidated shacks and experiencing profound malnutrition and other forms of material deprivation, as well as illness and premature death. Such images accurately portray the incidence and experience of poverty for much of the world's population. And such poverty is indeed the cause of profoundly high levels of disease and illness, premature death, and general misery and unhappiness, as well as political and social unrest in the developing world (Leon and Walt, 2001).

In wealthy industrialized nations such as Canada, poverty is best understood as the experience of material and social deprivation that prevents individuals, communities, and entire societies from reaching their full human and societal potential (Townsend, 1993). This is the case since living under conditions of material and social deprivation limits participation in a wide range of cultural, economic, educational, political and other societal activities normally expected of individuals, families, and communities. While not as obviously devastating to human and community health and quality of life as the experience of poverty

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**Box 1.2: Famous Quotations about Poverty****The Experience of Poverty**

- Poverty is like punishment for a crime you didn't commit.—Eli Khamarov
- In the prospect of poverty there is nothing but gloom and melancholy.—Samuel Johnson
- Poverty does not produce unhappiness: it produces degradation.—George Bernard Shaw

**The Politics of Poverty**

- The mother of revolution and crime is poverty.—Aristotle
- No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.—Adam Smith
- The rich will do everything for the poor but get off their backs.—Karl Marx
- Where a great proportion of the people are suffered to languish in helpless misery, that country must be ill policed, and wretchedly governed: a decent provision for the poor is the true test of civilization.—Samuel Johnson
- If the misery of the poor be caused not by the laws of nature, but by our institutions, great is our sin.—Charles Darwin

**The Indifference to Poverty**

- A man who sees another man on the street corner with only a stump for an arm will be so shocked the first time he'll give him sixpence. But the second time it'll only be a threepenny bit. And if he sees him a third time, he'll have him cold-bloodedly handed over to the police.—Bertolt Brecht
- It would be nice if the poor were to get even half of the money that is spent in studying them.—Bill Vaughan

**On the Causes of Poverty**

- Most of those dealing with social problems in the 1860s and 1870s failed to see any link between the economic structure of London and the widespread poverty in which most of the inhabitants of the East End lived. They tended to see the problem in moral rather than in economic terms, believing that poverty was caused by the thriftlessness and mendicant habits of the poor who had been demoralized by the giving of indiscriminate charity.—Gillian Wagner
  - When I feed the poor I am called a saint. When I ask why they are poor, I am called a communist.—Archbishop Dom Hélder Câmara
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in the developing world, exclusion from these activities has important health consequences and implications for Canadians' quality of life (Guildford, 2000).

There are a variety of reasons why having large numbers of Canadians experiencing the material and social deprivation and the social exclusion associated with poverty should be of concern. These include developmental, economic, ethical, health, legal, and safety concerns, among others.

*Developmental* concerns centre on Canadians failing to reach their full cognitive and emotional potentials as human beings. In these early years of the 21st century, human capacity for growth, achievement, creativity, and problem solving appears to be almost boundless. Poverty, however, makes attainment of such human heights difficult for most people living in poverty and possibly impossible for many. Living in poverty is especially problematic for families with children (Esping-Andersen, 2002).

*Economic* concerns relate to the inability of Canadians to develop the skills that are necessary to cope in a rapidly changing economic environment. The demands of a rapidly evolving economic environment require the ability of the citizenry to adjust to rapidly changing occupational requirements. Living under conditions of material and social deprivation makes the accumulation of the cognitive and social skills necessary for such adaptation difficult.

From an *ethical* perspective, Canadians share a belief that all members of society should have an opportunity to lead rich, fulfilling lives and that no one should face barriers that make such goals difficult or even impossible to obtain (Corak, 2005). As will be documented in the chapters to follow, poverty is a profound barrier to such opportunity.

*Legally*, the Canadian Constitution, including the Charter of Rights and Freedoms, and numerous international covenants to which Canada is a signatory require that Canadians be provided with the opportunities and supports required to live fulfilling lives free of fear, deprivation, and exclusion. By these legal criteria, Canada falls far short of meeting these legal requirements. (See Box 1.4). Numerous reports have documented some of the failings of Canada in this regard.

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### **Box 1.3: Poverty, Children and the Modern Welfare State: Towards a Preventive Strategy**

There is one basic finding that overshadows all others, namely that remedial policies for adults are a poor (and costly) substitute for interventions in childhood. Since a person's job and career prospects depend increasingly on his or her cognitive abilities, this is where it all begins. Activating or retraining adults is profitable and realistic if these same adults already come with a sufficient ability to learn. Households with limited resources can probably never be eradicated entirely, but their relative proportion can be minimized and this is our single greatest policy challenge. With this aim in mind, what does the scientific evidence tell us?

First and foremost, it all begins in early childhood. At this point, three factors are of crucial importance: health, income poverty, and "developmental priming mechanisms" such as reading to children, social stimuli, and guidance. Families with limited resources are likely to fall short on all three counts. A strong welfare state in the conventional sense can avert the first two factors, but if cognitive stimulation is key, we must rethink policy. We cannot pass laws that force parents to read to their children, but we can compensate. One option is to ensure that parents of small children are given the possibility of low-stress employment and adequate time with their children. A second, perhaps more effective option, is to promote universal, high-quality day care.

Source: From "A Child-Centred Social Investment Strategy," by G. Esping-Andersen (2002), in *Why We Need a New Welfare State*, (p. 19). New York: Oxford University Press.

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**Box 1.4: United Nations Condemns Canadians' Treatment of People in Poverty****UN lashes out at Canada for failure to end poverty****by Helen Branswell.**

LONDON—A United Nations committee issued a damning report Friday on Canada's treatment of the poor, single mothers and natives.

The UN Committee on Economic, Social and Cultural Rights issued a blistering attack on Canada's record over the last five years, saying the country has not ensured Canadians enjoy economic and social rights guaranteed by a UN covenant to which Ottawa is a signatory.

The committee's report painted a picture of a country that isn't taking care of citizens living at the low end of the economic spectrum, highlighting "crisis" levels of homelessness, skyrocketing usage of food banks, deep cuts to welfare rates and inadequate funding for battered women's shelters.

"The committee is gravely concerned that such a wealthy country as Canada has allowed the problem of homelessness and inadequate housing to grow to such proportions that the mayors of Canada's 10 largest cities have now declared homelessness a national disaster," said the report, released Friday in Geneva.

It placed particular emphasis on the living conditions of many First Nations communities.

"To me, this gives a black eye to Canada from a respected United Nations body," said Bill Namagoose, executive director of the Grand Council of the Cree, which made a presentation to the committee.

"Canada goes around the world saying that it's a champion of human rights ... I think he [Prime Minister Jean Chretien] has to begin to address the situation in his backyard, also."

The committee was highly critical of the federal government for effectively shelving the report of the Royal Commission on Aboriginal Peoples.

"We are concerned about the high disparity between aboriginal people and the majority of Canadians, in terms of inadequate housing, high unemployment rate, the high rate of suicide and the lack of safe and adequate drinking water and the dispossession of their lands," committee chairwoman Virginia Dandan said at a news conference Friday.

The committee made 21 recommendations—calling the need for low-income housing to be treated as "a national emergency"—in a report that emphasized 26 areas of "principal" concern.

It called for national standards for welfare, reform of the Employment Insurance program so more workers are covered and more money from all levels of government to combat women's poverty and poverty among children.

"It's obviously one of the most scathing critiques of an affluent country that's ever been released by a UN human-rights body," said Bruce Porter, a spokesman for Charter Committee on Poverty Issues, one of several social-advocacy groups which made presentations to the UN committee.

Foreign Affairs Minister Lloyd Axworthy was cautious about responding, saying he hadn't read the report.

But he suggested some of the figures the committee relied on were from 1995, "so they don't take into account many of the initiatives that have been taken by this government." But non-governmental organizations like Porter's and Ontario's Low Income Families Together briefed the committee extensively on the current situation in Canada, so it was aware of new initiatives such as the National Child Benefit.

It just wasn't impressed that while Ottawa has instituted a program to help children in poor families, all but two provincial governments claw back the benefits.

As one of the 137 signatories to the UN covenant on economic, social and cultural rights, Canada must report to the committee every five years on progress it is making ensuring it lives up to the commitments in the document.

The covenant states citizens have the right to work and form labour unions, the right to adequate living conditions and the highest attainable standards of physical and mental health.

Concerned those promises aren't being met, the committee asked Canada for answers to 81 additional questions. Last week, a Canadian delegation spent two days before the committee to address those concerns.

But the officials offered vague generalities, while the committee sought specifics on questions like why the poverty rate among single mothers has risen during the last five years, a time of economic growth, or why such a wealthy country has so many homeless people.

The repeated use of such strong language as "gravely," "deeply" and "greatly concerned" and "perturbed" in a UN report on Canada will not please the federal government, which regularly boasts Canada has topped the UN's list of best countries to live in for the last five years.

But it was music to organizations that have been trying to challenge the government's social-policy record.

"I'm very pleased to see that they essentially hauled our government on the carpet," said Josephine Grey of Low Income Families Together.

"(But) what really matters is what happens now, what comes out of it."

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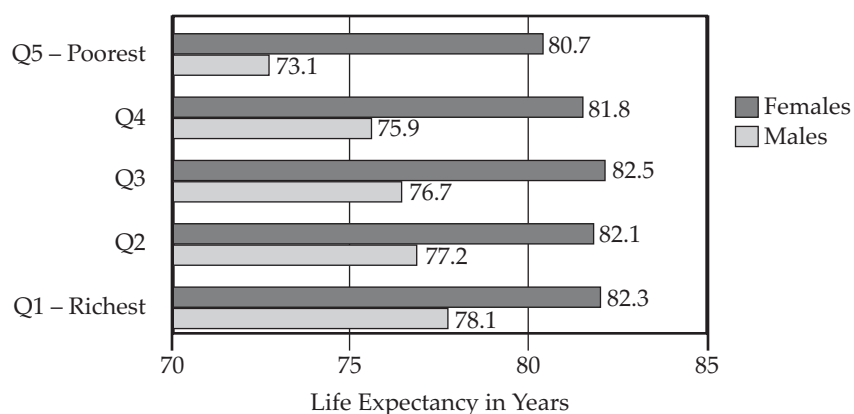
Source: From *Times-Colonist Newspaper*, p. E10, Saturday, December 5, 1998, Victoria, British Columbia.

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*Health* concerns focus on poverty as a primary cause of disease, illness, and shortened life expectancy. For example, Canadians who live in the poorest 20% of urban neighbourhoods in Canada have significantly shorter life expectancies than other Canadians (Wilkins, Berthelot, and Ng, 2002) (see Figure 1.1). Living in poverty is an especially important threat to the health of children since it has both immediate and long-lasting effects upon health. Promoting health and preventing disease is a long-established goal of health policy in Canada and essential to the sustainability of the health care system.

In relation to *safety*, it is well established that the incidence and experience of poverty is the primary cause of crime in communities (National Crime Prevention Program, 2003). The

**Figure 1.1: Life Expectancy of Males and Females by Income Quintile of Neighbourhood, Urban Canada, 1996**



Source: From “Trends in Mortality by Neighbourhood Income in Urban Canada from 1971 to 1996,” by R. Wilkins, J.M. Berthelot, and E. Ng, 2002, *Health Reports*, 13 (Supplement), p. 7.

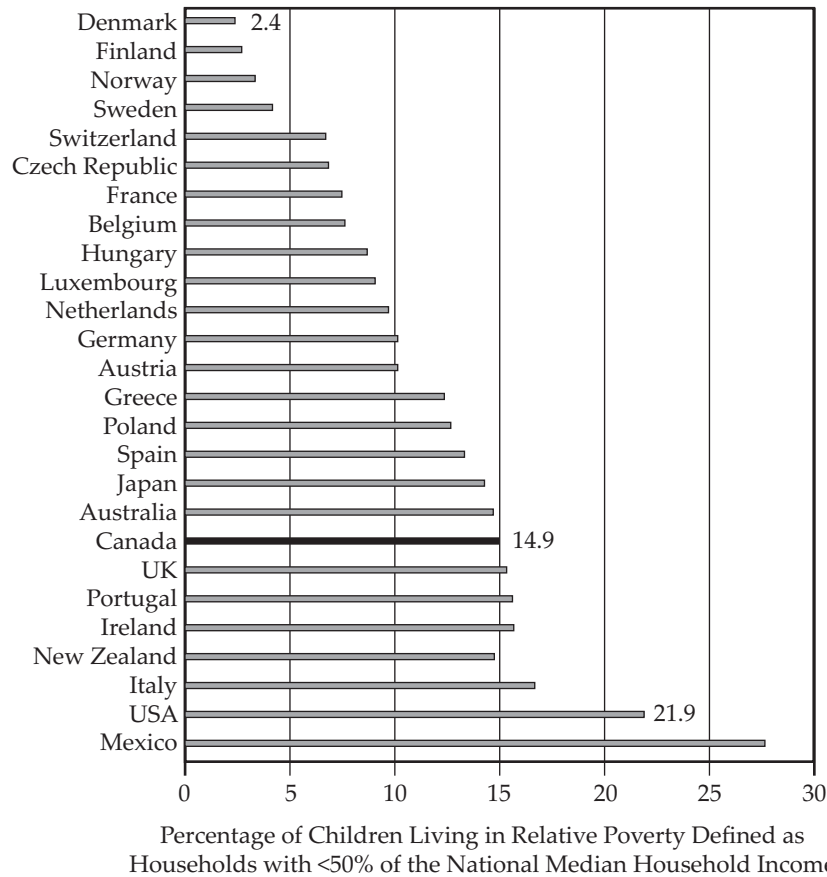
presence of poverty profoundly affects what Canadians normally think of as their quality of life.

## PUBLIC POLICY AND POVERTY

The term *social policy* is usually used to refer to issues that have direct relevance to social welfare, such as social assistance, child and family policy, and housing policy, but the argument expressed in this volume is that the incidence and experience of poverty is shaped by a broader range of public policy issues that include labour and employment, revenue, and tax policies, amongst others. Public policy is a course of action or inaction taken by public authorities—usually governments—to address a given problem or set of problems (Briggs, 1961). Governments constantly make decisions about a wide range of issues such as national defence and the organization and delivery of health, social, and other services. The decisions that are the special concern of this volume concern the allocation of economic and social resources within the population. Governments influence distribution by establishing taxation levels, the nature and quality of benefits—whether these benefits are universal or targeted—and minimum wages. Governments are also responsible for housing policies, maintaining transportation systems, enacting labour regulations and laws, and providing training related to employment and education.

The degree and depth of poverty within Canada, the provinces and territories, and local municipalities are strongly influenced by these public policies (Bryant, 2006). An increasing body of scholarship reveals that governmental decisions concerning how to allocate and distribute resources within the population of a jurisdiction are the primary determinants of poverty rates within a jurisdiction (Brady, 2003). Why is it that a wealthy industrialized nation such as Canada has 15% of its children living in poverty while far-less-wealthy nations

**Figure 1.2: Child Poverty in Wealthy Nations, Late 1990s**



Source: Adapted from *A League Table of Child Poverty in Rich Nations* (p. 4), by the Innocenti Research Centre, 1999. Florence: Innocenti Research Centre.

such as Denmark and Finland have less than 3% of their children living in such conditions (Innocenti Research Centre, 2005)?

It is argued in this volume that these differences are a result of public policy decisions that directly influence the lived experience of those living in situations associated with poverty. These public policy decisions affect the availability of supports to children and families, benefits for those experiencing disability and unemployment, the amount of taxation and revenue available for programs, wages and employment security and benefits, and the distribution of economic and social resources within the population. The incidence and experience of poverty have direct effects on the health of individuals, communities, and societies, and on a variety of other indicators of quality of life.

## UNDERSTANDING AND EXPLAINING POVERTY

How a phenomenon such as poverty is understood and explained profoundly influences Canadians' beliefs concerning poverty's causes and effects, and whether and how poverty should be addressed. Poverty can be defined in various ways. In one view—and this is the view normally associated with poverty in the developing world—poverty occurs when an individual or community is lacking the basic necessities of life (United Nations, 1995). These necessities include food, clothing, and shelter, and other necessities. There are those who feel that such a definition also applies to defining poverty in Canada (Sarlo, 2000). Of course this raises the contentious question: *What are the basic necessities of life in a modern industrialized nation such as Canada?*

Another prominent view is that poverty is the situation in which individuals and communities lack access to the resources and amenities that are typically available to members of a society (Townsend, 1993). In this view, poverty is the inability to take advantage of all of the opportunities provided by living in a wealthy industrialized nation such as Canada. This view asks the question: *What are the resources and amenities required for individuals and communities to be happy and healthy?*

Deciding upon which definition to use is very important. Using the first benchmark finds there to be virtually no poverty in Canada (Williamson and Reutter, 1999). However, applying the second benchmark finds Canada to have one of the highest rates of poverty among wealthy industrialized nations. On what criteria does one decide which definition to apply? What are the public policy implications of this decision? These issues are examined throughout the chapters to follow.

Another important issue is how to understand the causes of poverty. Does poverty result from individual or community failings? Do people become poor because they lack education, have low motivation, adopt deviant lifestyles, or live in situations where they receive little community support? Or do people become poor as a result of public policies that create unjust and inequitable distribution of economic and social resources? In the cases of the first two explanations, the blame for experiencing poverty is attributed to characteristics of individuals and communities. In the last case, poverty is seen as resulting from public policy decisions over which individuals and communities living in poverty have very little immediate control.

Stemming from these questions are differences in how to respond to the incidence of poverty. Is the incidence of poverty—and the associated effects upon health and quality of life—primarily an issue to be dealt with through interventions with individuals and communities? Or is the problem of poverty—and the means of alleviating it—primarily political, economic, and social issues to be addressed by policymakers? If the answer is the latter, then there must be inquiry into how governments come to develop policies that create poverty. And central to this inquiry is identifying the various political, economic, and social forces which influence governments to take these courses of action.

## EXPLAINING POVERTY

The discussion of poverty in wealthy industrialized nations such as Canada has a strong moral undertone. More specifically, the concept of the deserving and undeserving poor comes to mind. The *deserving poor* are those whose poverty is seen as resulting from events outside of their control (Lister, 2004). These events may include acute or chronic illness, accidents,

or the presence of some form of disability. The *undeserving poor* are those whose poverty is believed to result from some combination of sloth, moral turpitude, or other personal failings. In theory, this distinction should result in more generous assistance and benefits being provided to the “deserving,” rather than “undeserving” poor. In reality, however, the benefits provided to both groups tend to be rather similar in most nations. And in Canada, the benefits provided to both groups of individuals are very modest (Organisation for Economic Co-operation and Development, 2005).

A discourse is the means by which a society chooses to understand a phenomenon. The view of poverty as a result of personal failings and the view of poverty as a result of societal inequities are both examples of a discourse. Various explanations for poverty play themselves out in what Levitas has called the “social exclusion” discourse (Levitas, 1998). While the concept of social exclusion is carefully examined in Chapter 4, Levitas’ three main approaches provide a useful introduction to some of the debates concerning the origins and nature of poverty. She outlines three discourses: the moral underclass (MUD), social integrationist (SID), and redistributionist (RED).

The MUD discourse essentially views poverty as reflecting the motivational and moral failings of those who are poor. Poverty is a cultural phenomenon whereby people living in poverty come to be so by virtue of lacking skills and adopting deviant habits, lifestyles, and attitudes. Related to this discourse is concern about overly generous welfare and other program benefits creating dependency and precluding motivation to join the active workforce. Levitas sees a gendered discourse as well. As a result of these personal failings, males are seen as becoming delinquents and criminals whereas females are seen as becoming unwed mothers.

The RED discourse views poverty as resulting from systematic exclusion of individuals from the economic and social resources required for participation in society. Much of this results from the operation of the market as a primary arbiter and distributor of resources within a society. Problems of poverty do not result from individual failings but by the failure of society to meet the economic and social needs of its citizens. It fails to do so by providing meagre benefits, lack of employment and educational opportunities, and low wages. Poverty is both a cause of and result of individuals being excluded from participation. The responses to poverty should be based on issues of citizenship and the basic rights that should be provided under such citizenship.

The SID discourse is about including people who have been excluded from society by virtue of their living in poverty. It is very much influenced by European-Union concepts focused on engaging those outside the workforce to be employed. The SID discourse could be about reducing exclusion and need not be limited to issues of paid employment. However, Levitas argues that this is usually the direction taken whereby active involvement in the market is emphasized, while citizenship rights and entitlement to benefits are de-emphasized.

These different discourses were developed for specific application to the British scene but have clear implications for understanding the public policy debate over poverty in Canada. The MUD discourse is the dominant explanatory discourse for understanding Canadian policy approaches towards social assistance, minimum wage, and employment-insurance-eligibility requirements. It represents an implicit—and frequently explicit—view that it is necessary to make living on government benefits so unpleasant as to motivate individuals to

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**Box 1.5: Various Discourses on Poverty**
**The MUD (Moral Underclass) Discourse:**

- asserts that the underclass or socially excluded are culturally distinct from the “mainstream”;
- focuses on the behaviours of the poor rather than the structure of society;
- holds that benefits are bad for those who receive them, as they encourage dependency;
- is gendered: asserts that idle men become criminals; women become single mothers;
- does not acknowledge unpaid work;
- views dependency on the state as a problem, but does not view personal economic dependency—especially of women and children on men—as a problem.

**The RED (Redistributionist) Discourse:**

- views poverty as a primary cause of social exclusion;
- asserts that poverty can be reduced through benefit increases;
- places a value on unpaid work;
- includes a critique of inequality and moves beyond minimalist models of inclusion by addressing social, political, and economic citizenship
- focuses on the processes that create inequality;
- implies radical reductions of inequalities and a redistribution of power and resources.

**The SID (Social Integrationist) Discourse:**

- has a narrow focus on paid work;
- does not ask why people not working are consigned to poverty;
- obscures issues of inequalities among paid workers;
- has little focus on women and their receipt of lower pay than men, ignoring gender and class issues;
- does not illuminate inequality between owners of productive capacity and the bulk of the population;
- ignores unpaid work, implying acceptance of increases in women’s total workload;
- undermines the legitimacy of non-participation in paid work.

Source: Adapted from *The Inclusive Society: Social Exclusion and New Labour*, by R. Levitas, 1998, Houndmills, Basingstoke, Hampshire, UK: Palgrave.

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join the workforce. At the very minimum, the approach makes living conditions extremely difficult for those who must rely on such benefits, and by doing so, threatens individual and community health. In its most extreme manifestation, it results in blatant “poor bashing” by which people who are living in poverty become subject to stigmatization and ridicule, thereby adding psychological and social insult to the injury of material deprivation.

The SID discourse as outlined by Levitas sees its manifestation in the creation of efforts to include the nonworking in the paid labour force. The public policy examples of this in Canada have generally been punitive in nature. These include workfare programs whose application appears to have more in common with the MUD rather than SID discourse. Alternatively, the SID discourse in Canada has also involved a variety of attempts by non-governmental agencies to ameliorate the most egregious conditions of social exclusion that result from inequitable distribution of economic and other material resources (Guildford, 2000).

The question of the extent to which such SID efforts can counteract the political, economic, and social forces that drive increasing income and wealth inequality constitutes the heart of the RED or redistributionist discourse. In this approach, the primary problem is one of unequal distribution of wealth and power, thereby driving the incidence of poverty. These discourses are presented as pure types, and in practice they may be mixed. But they do accurately portray the various means by which Canadians and their policymakers have come to understand the causes and effects of poverty (see Table 1.1).

According to Levitas, the discourses can be simply stated. In the MUD discourse, the problem is that people living in poverty have no morals. In SID, the problem is that people living in poverty have no jobs. In RED, the problem is that people living in poverty have no money. In this volume, the primary approach applied to understanding the incidence and consequences of poverty is the RED discourse. It views the source of poverty as being unfair distribution of resources driven by inequalities in power and influence. The solutions advanced are primarily political and involve action by social movements to influence governments. They also involve action in the electoral realm.

Related to the MUD, SID, and RED discourses are other discourses with a more distinctly Canadian flavour.

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**Table 1.1: Examples of MUD, RED and SID Discourses in Canada**

<b>Moral Underclass</b>	<b>Redistributionist</b>	<b>Social Integrationist</b>
Extremely low social assistance benefits across Canada	<i>Hands-Off Campaign</i> to end clawback of the <i>National Child Benefit</i> to social assistance recipients	<i>Vibrant Communities Initiative</i>
Reduction of eligibility for employment insurance in Canada	<i>Growing Gap Report</i> and similar initiatives from the Centre for Social Justice	Laidlaw Foundation <i>Inclusion Initiative</i>
Poor-bashing by Canadian governments and media	Numerous reports and statements from the National Council of Welfare	Workfare Initiatives across Canada*

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\* Note that many punitive elements associated with these initiatives can easily be placed within the MUD discourse.

The *neo-liberal approach* reflects a re-embrace of free-market ideology in contrast to state commitment to the welfare state (Coburn, 2000). The most obvious examples are the political and economic regimes associated with Ronald Reagan in the US, Margaret Thatcher in the UK, and, most recently, Jean Chrétien in Canada. Canada saw a dramatic restructuring of federal public policy during the Chrétien era of the 1990s. The Canadian government withdrew from policy areas such as housing, dramatically changed the manner and amount of its monetary transfers to the provinces, and reshaped policy in favour of business and trade (Langille, 2004). The result was a dramatic reduction in program spending by the federal and provincial governments during the 1990s (Scarth, 2004). The period saw virtually no reduction in the extent of poverty in Canada, and many argue that the neo-liberal approach served to make the lives of people living in poverty even more difficult than was already the case (Coburn, 2006).

There has been a slight reversal of this trend in recent years with the federal government increasing spending in some areas such as housing, childcare, and benefits to low-income families. Some provinces have raised social assistance rates and the minimum wages (National Council of Welfare, 2004). These actions however, have been more than offset by growing income and wealth inequality, with the result that little if any dent has been made in poverty rates. The role of government investment in social infrastructure and support of Canadian through cash and other benefits is examined in following chapters.

*Neo-conservatism* reflects a similar commitment to the role of the market as the arbiter of resource distribution but adds a moral tone to its policy approach towards poverty by attributing blame to those who are poor (Jeffrey, 1999). The best examples of this in Canada have been the Klein government in Alberta, the Harris government in Ontario, and the Campbell government in British Columbia. Under these regimes, people living in poverty are implicitly—and frequently explicitly—seen as responsible for their own state of affairs (Swanson, 2001). It should be noted that while these governments explicitly blame poor people for their situation, many other Canadian governments have similar—though more hidden—attitudes towards people living in poverty as illustrated by their very stingy social assistance benefits and minimum wages.

People who live in poverty in these neo-conservative jurisdictions frequently report feeling ostracized and treated with disrespect by governmental authorities and agencies (Swanson, 2001). In addition to being asked to survive on clearly inadequate social assistance benefits or minimum wages, people in poverty must also cope with having blame laid upon them for their situation. The issue of poor-bashing and who benefits from this is examined in later chapters.

The *Marxist*—and the related *social democratic*—view is that the existence of poverty serves a variety of purposes for the wealthy and for corporations who dominate the economy. Since poverty results from unequal distribution of economic resources within the population, every dollar not provided to individuals at the lower end of the socioeconomic ladder is an additional dollar for those at the top (Wright, 1994). The individuals at the top do all they can to influence governments to maintain high levels of poverty since they profit from this. For the corporate sector, the presence of large pools of unemployed and poorly-paid workers depresses wages, maximizes profits, and creates schisms between members of the working class who are employed and those who are not.

The *feminist* critique is that there has been a feminization of poverty in developed nations such as Canada (Davies, McMullin, Avison, and Cassidy, 2001). This process reflects the

operations of patriarchy in the society whereby wealth, power, and prestige are made less available to women. Women are more susceptible to poverty because the economic system takes no account of their bearing the greatest responsibility for childrearing. This responsibility limits their engagement in the work force, making them less eligible for benefits. Social assistance rates take no account of the costs of raising children, such that being a female lone-parent is strongly related to living in poverty.

The *racialization of poverty* argument sees people of colour as being especially susceptible to social inequality and the processes of social exclusion (Galabuzi, 2005). People of colour in Canada are twice as likely to be living in poverty than other Canadians. This results from processes of discrimination and racism that are heightened by competition within the economic system and the greater concentration of wealth and power among the economic elites of society.

## THE WELFARE STATE TYPOLOGY

Another important theme that is developed throughout this volume is that the form welfare states take in capitalist societies profoundly influences the incidence of poverty. Nations differ systematically in how they approach the provision of supports and security across the life span (Esping-Andersen, 1990, 1999). These different forms of the welfare state influence the incidence of poverty, its health- and quality-of-life-related effects, and public policy responses to poverty. The form of the welfare state influences—and is in itself influenced by—citizen values and attitudes. Three forms of the modern welfare state have been identified: liberal, conservative, and social democratic (Bambra, 2004).

Australia, Canada, Ireland, New Zealand, the UK, and the USA are identified as *liberal welfare states*. These nations rely upon the market to distribute goods and resources within the population. Associated with this is rather modest spending on social programs and reliance upon means-tested assistance rather than universal programs for all. Means-testing refers to benefits being primarily geared to low-income groups.

Social assistance is limited by traditional, work-ethic attitudes that tend to stigmatize the needy and attribute failure to individual, rather than societal, failures. This reflects an implicit—and frequently explicit—view that people are poor due to their own failings. This individualistic approach fails to acknowledge the structural causes of low income such as public policies that skew the distribution of societal resources.

*Conservative welfare states* such as France, Germany, and Italy tie benefits to one's occupation and earnings, and tend to stratify citizens rather than promote equality. There is little explicit attempt made to support women. The vast majority of benefits are earnings-related and contributory rather than universal entitlements as is the case with social democratic nations.

*Social Democratic welfare states* such as Sweden, Denmark, Norway and Finland emphasize the role of the state in securing citizen rights. These nations have strong universal entitlement programs and strive to achieve full employment. Income and wealth inequalities are minimized by strong redistributive programs that involve progressive income taxes, and generous health, social, and other benefits. Employment security and training are well-resourced.

Navarro and Shi drew upon Esping-Andersen's insights to relate welfare state type to a variety of indicators that included poverty rates and health status (Navarro and Shi, 2002).

Social-democratic regimes show lower levels of poverty, less income inequality, and the best health; Liberal regimes show the highest levels of poverty and inequality and the poorest health; Conservative regimes are in the midrange. How does a nation come to belong to one of these groups? How can a nation—given its characteristics—come to adopt policies that will reduce poverty and associated health and quality-of-life effects? And how do these decisions explain the differences seen between individuals living in poverty and those who are not? These issues inform much of the content of this volume.

### **SOCIAL DETERMINANTS OF HEALTH: LINKING POLICY DECISIONS TO POVERTY, HEALTH AND QUALITY OF LIFE**

Another theme running throughout this volume is that public policy determines the incidence and experience of poverty within a nation. Public policy does this by shaping the material and social conditions to which individuals and communities are exposed. Poverty represents a situation whereby these material and social conditions are so deprived as to threaten health and quality of life. The mediating mechanisms between public policy decisions and the incidence and experience of poverty are the social determinants of health (Raphael, 2004b).

Social determinants of health are the economic and social conditions that shape the health of individuals, communities, and jurisdictions as a whole. Canadian researchers have outlined 11 of these: Aboriginal status, early life, education, employment and working conditions, food security, health services, housing, income and income distribution, social exclusion, social safety net, unemployment and employment insecurity (Raphael, 2004a). In essence, social determinants of health are concerned with the quantity and quality of resources society makes available to its members.

For those living in poverty, the quality of their exposure to these determinants is compromised. For example, early life is an important social determinant of health that is compromised by the experience of living in poverty. Public policies that would either reduce the incidence of poverty among families with children, or help remedy poverty's most egregious effects, would be adequate minimum wages and higher social assistance benefits to reduce the incidence of poverty. Making available regulated quality childcare and other family services would help ameliorate the effects of poverty on children and families.

Employment and working conditions are another important social determinant of health. People living in poverty are more likely to have lower-paying and more insecure employment. Public policies that would improve employment and working conditions, thereby reducing the incidence of poverty as well as its effects on health and quality of life, would include active labour policy involving greater training and job creation to prevent poverty. It would also include enhanced regulation and enforcement of safety measures to help ameliorate poverty's effects. Support for collective bargaining and increasing worker control in the workplace would both reduce the incidence of poverty and ameliorate its effects.

Similar public policy action is possible in the case of other social determinants of health that are closely linked to living in poverty, such as education (e.g., increase support for literacy training, increase public spending on education, and reduce post-secondary tuition); food security (e.g., improve income supports, reduce poverty through job creation, improve food policy, and provide affordable housing); health services (e.g., increase public spending,

promote access, and integrate services); and housing (e.g., improve income supports, provide affordable housing, institute controls on rental costs, and provide social housing).

This would also be the case in regard to income and income distribution (e.g., institute fair taxation policy, raise minimum wages, increase social assistance benefits, and provide family supports); social exclusion (e.g., enforce anti-discrimination laws, improve English-as-a-Second-Language education, enhance job training, and approve foreign credentials); social safety net (e.g., spend on a wide range of welfare state areas); and unemployment (e.g., promote active labour policy, improve unemployment benefits, and strengthen employment security through labour legislation).

Such policy actions are important since the quality of the social determinants of health determines the health status and quality of life of individuals, communities, and the nation as a whole. Social determinants of health shape the extent to which individuals, their communities, and the societal collective are provided with the physical, social and personal resources to identify and achieve aspirations, satisfy needs, and cope with the environment. Poverty leads to a situation where exposure to various social determinants of health are so problematic as to result in a clustering of disadvantage. This clustering of disadvantage has particular effects upon the health and quality of life of children. Figure 1.3 shows that children living in poverty are especially likely to show poor functional health as measured by testing on eight basic attributes: vision, hearing, speech, mobility, dexterity, cognition, emotion, and pain and discomfort (Ross and Roberts, 1999).

The relationships among public policy, social determinants of health, the incidence and experience of poverty and health and quality of life are iterative in that changes in one segment of the sequence influence both preceding and consequent segments. However, key social determinants of health such as income, unemployment and employment security, and the social safety net are the primary determinants of the incidence of poverty. Therefore, the primary approach taken in this volume is that of a directional sequence, as follows:

Public Policy → Social Determinants of Health → Incidence of Poverty → Health and QOL

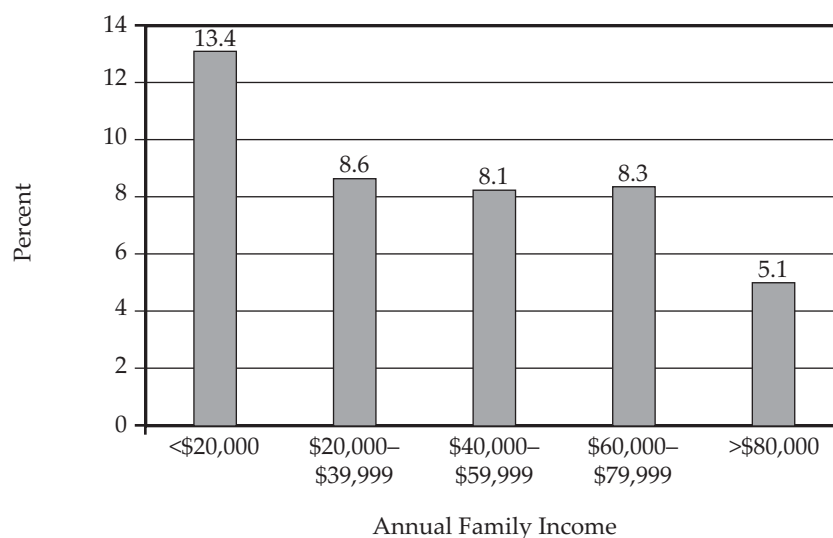
Yet once an individual experiences poverty, the quality of other social determinants of health such as housing and food security are compromised. And these difficulties are compounded by poorly developed public policy that fails to adequately respond to the accumulation of deprivation. Public policy both creates poverty and also provides a means of ameliorating its most egregious aspects. A more nuanced model would therefore be as follows:

Public Policy → SDOH → Incidence of Poverty → SDOH → Public Policy → Health and QOL

## CONCLUSIONS

In this volume, a critical social science approach—that identifies the political, economic, and social forces that create and maintain poverty—is taken. The approach draws upon elements of sociological and political theory with emphasis upon the insights provided by the field of political economy. One of the most important contributions from the field of

**Figure 1.3: Annual Family Income and Percentage of Children with Lower Functional Health, Canada, Includes only Two-Parent Families, 1994–1995**



Source: From *Income and Child Well-Being: A New Perspective on the Poverty Debate* (p. 24), by D.P. Ross and P. Roberts, 1999. Ottawa: Canadian Council on Social Development. Prepared by the Canadian Council on Social Development using the National Longitudinal Survey of Children and Youth, 1994–1995.

political economy is that the welfare state takes different forms in different nations. Canada's form of liberal welfare state is similar to that of Australia, Ireland, New Zealand, the United Kingdom and the USA. It is very different from that seen in the Scandinavian countries and continental Europe. The political economy of Canada's welfare state shapes the incidence of poverty and its subsequent effects upon health and quality of life by setting the parameters within which public policy operates to influence resource production and distribution, thereby influencing the incidence of poverty.

The incidence and experience of poverty shapes the health and quality of life of Canadians, their communities, and Canadian society. Poverty is an important determinant of health and illness, and a variety of non-medical outcomes subsumed within the term *quality of life*. Since poverty is the experience of material deprivation and exclusion from Canadian life, it leads to the inability to acquire the resources that allow participation in the activities expected from living in an advanced industrialized society. It is through these mechanisms that the quality of numerous social determinants of health are weakened, thereby leading to various threats to the health and quality of life of Canadians, their communities, and Canada as a whole.

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## CRITICAL THINKING QUESTIONS

1. What images does the term *poverty* conjure up for you? What about *poverty in Canada*? How have you come to acquire these images? What has formed the content of your discussions about poverty you may have had with parents or friends?
  2. How is poverty in Canada treated by the media? How does media coverage shape Canadians' understanding of poverty, its causes, and what should be done about it?
  3. How has poverty been treated by courses or classes you may have taken?
  4. How has what you have read in this chapter concerning poverty in Canada been consistent or inconsistent with the understanding you had prior to reading it?
  5. Think about recent federal and provincial election campaigns. Which party or parties have raised poverty as an election issue? Why do you think this has been the case? Which party do you think would make the greatest effort to address poverty? Why?
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## RECOMMENDED READINGS

Blaxter, M. (2004). *Health*. Cambridge, UK: Polity.

This volume considers the key debates surrounding the concept of health today. It discusses how health is defined, constructed, experienced, and acted out in contemporary developed societies, drawing on a range of empirical data and theoretical approaches from a variety of nations. It considers conceptual models of the relationship of health to the structure of society, from inequality in health to the ideas of social capital, the risk society and theories of evolutionary biology.

Esping-Andersen, G. (2002). *Why We Need a New Welfare State*. Oxford: Oxford University Press.

Contributors argue that welfare states need to consider issues of social inclusion and justice. The volume focuses on four social domains: the aged and the transition to retirement; welfare issues related to changes in working life; risks and needs that arise in households, especially in families with young children; and the challenges of creating gender equality.

Lister, R. (2004). *Poverty*. Cambridge, UK: Polity.

This book explores the meaning and experience of poverty in the contemporary world. It draws on thinking in the field of international development and real-life accounts to emphasize aspects of poverty such as powerlessness, lack of voice, loss of dignity and respect. In so doing, the book embraces the relational, cultural, symbolic as well as material dimensions of poverty and makes important links between poverty and other concepts like well-being, capabilities, social divisions and exclusion, agency and citizenship.

Raphael, D. (2004). *Social Determinants of Health: Canadian Perspectives*. Toronto: Canadian Scholars' Press Inc.

This collection summarizes how socioeconomic factors affect the health of Canadians. It surveys the current state of 11 social determinants of health across Canada, and it provides an analysis of how these determinants affect Canadians' health. It has an explicit focus on public policy approaches to promoting health by improving the quality of these social determinants of health.

Raphael, D., Bryant, M., and Rioux, M. (2006). *Staying Alive: Critical Perspectives on Health, Illness, and Health Care*. Toronto: Canadian Scholars' Press Inc.

This book provides a range of approaches for understanding health issues. In addition to traditional health sciences and sociological approaches, this new book also provides the human-rights and political-economy perspectives on health. It focuses on these issues in Canada and the United States but provides an international context for these analyses.

## RELEVANT WEBSITES

Campaign 2000—[www.campaign2000.ca](http://www.campaign2000.ca)

This website is an excellent source of child-centred information on federal and provincial budgets, political debates and demographic reports. The campaign began shortly after the all-party motion to end child poverty by the year 2000 was passed in 1989. Campaign 2000 is a group of NGOs and associated researchers who see public policy as a means to assure that no Canadian child is raised in poverty.

Luxembourg Income Study—[www.lisproject.org/publications/wpapers.html](http://www.lisproject.org/publications/wpapers.html)

The Luxembourg Income Studies provide working papers on a range of issues related to income and other indicators. Data on Canada and other developed nations are used to produce these excellent papers that bear directly on poverty and how public policy shapes its incidence. All of the working papers can be downloaded from this site.

Organisation for Economic Co-operation and Development—[www.oecd.org/home](http://www.oecd.org/home)

This site provides a wealth of reports, publications, and statistics about every aspect of society in modern industrialized states. Many of its contents are free or available electronically through your local university's library.

PovNet—[www.povnet.org](http://www.povnet.org)

PovNet is an internet site for advocates, people on welfare, and community groups and individuals involved in anti-poverty work. The site provides up-to-date information about welfare and housing laws and resources in British Columbia and Canada. PovNet links to current anti-poverty issues and also provides links to other anti-poverty organizations and resources in Canada and internationally.

The Townsend Centre for International Poverty Research—[www.bris.ac.uk/poverty/](http://www.bris.ac.uk/poverty/)

The Centre was launched on July 1st, 1999 at the University of Bristol. It is dedicated to multidisciplinary research on poverty in both the industrialized and developing world.

## GLOSSARY TERMS

*Health* is usually defined as the absence of disease. When used in this manner it is best described as *health status*. The World Health Organization (WHO) has a broader definition: the ability to have and reach goals, meet personal needs, and cope with everyday life. The WHO argues that health requires the following prerequisites: peace, shelter, education, food, income, a sound environment, and social justice. These definitions are primarily focused on the individual, while quality of life is usually focused on the larger community and society.

*Political economy perspective* is explicitly concerned with the political and economic structures that shape the distribution of power and resources within the population. It is also specifically focused on understanding how the creation and distribution of resources influence the health and quality of life of individuals and communities. The perspective has a strong commitment to identifying how political and economic structures can be changed to promote health and well-being.

*Poverty* is the condition whereby individuals, families, and groups lack the resources to obtain the type of diet, participate in the activities, and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the society to which they belong. Poverty can be considered in terms of absolute poverty, whereby individual and families do not have enough resources to keep “body and soul together,” or relative poverty, whereby they do not have the ability to participate in common activities of daily living (Gordon and Townsend, 2000).

*Public policy* is a course of action or inaction chosen by public authorities to address a given problem or interrelated set of problems. Policy is a course of action that is anchored in a set of values regarding appropriate public goals and a set of beliefs about the best way of achieving those goals. The idea of public policy assumes that an issue is no longer a private affair (Wolf, 2005).

*Quality of life* is a holistic construct that views individual and community human well-being in relation to immediate and more distant environments. It looks at both broad societal indicators and the lived experience of people. Concretely, quality of life is the extent to which individuals and communities are able to enjoy the important possibilities of life. Their ability to do so is influenced by public policies that develop and maintain a vibrant local economy; protect and enhance the natural and built environment; offer opportunities for the attainment of personal goals, hopes, and aspirations; promote a fair and equitable sharing of common resources; enable residents to meet their basic needs; and support social interaction and the inclusion of all residents in community life.

*Welfare State* is a nation in which organized power is used to modify the play of market forces in at least three directions: first, by guaranteeing individuals and families a minimum income irrespective of the market value of their work or property; second, by narrowing the extent of insecurity by enabling individuals and families to meet certain social contingencies (e.g., sickness, old age and unemployment) that lead otherwise to individual and family crises; third, by ensuring that all citizens without distinction of

status or class are offered the best standards available in relation to a certain agreed range of social services (Briggs, 1961).

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