

Welfare reform, neo-liberalization and bio-politics. Pulkingham and Fuller

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**Welfare reform, neo-liberalization and bio-politics.**

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***Abstract***

Welfare reform, a central neo-liberal preoccupation of governments across western industrialized countries commencing in the mid-1990s, is widely associated with contraction – welfare caseload downsizing through disentitlement – as well as activation policies such as welfare-to-work legislation. This paper examines contemporary welfare reforms and welfare caseload trends in British Columbia, Canada in comparison to Ontario and Newfoundland/Labrador, in order to explore the complex, unexpected and oftentimes contradictory ways in which neo-liberalism is constituted and reproduced in practice. Canada provides an interesting opportunity to examine contemporary processes of neo-liberalization because welfare is administered and (for the most part) financed by different provincial/territorial governments, while at the same time, provincial welfare systems operate within the same federal fiduciary, fiscal and constitutional framework. British Columbia is singled out for close attention because it is the first (and only) province in Canada to introduce welfare time limits, an idea imported from the United States. BC's introduction of time limits in 2002 represents a fundamental ideological and policy shift in Canadian social policy – a denial of welfare when in need as a basic social entitlement. At the legislative and rhetorical level, this provision appears to bring to fruition one of the more dire consequences predicted by those critical of neo-liberal policies implemented at the federal level in the mid-1990s – the possible

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disappearance of eligibility for welfare assistance as a basic right for those in need as provinces were no longer mandated or directly assisted to provide such services. This paper examines how the BC government implemented the welfare time limits policy, what comparative difference this policy-in-practice made to welfare caseload trends, and whether and how it advanced the government's agenda to get tough on welfare recipients, to downsize the welfare caseload and to enforce welfare to work requirements. At the theoretical and political level, the paper considers what can be learned from paying close attention to processes of neo-liberalization and the different forms that "local neoliberalisms" assume. Even though the intent of recent BC welfare reforms was to bring BC closer in line with the more hard-line 1990s US-style welfare reforms and neo-liberal state practices, it is argued that recent trends do not move the BC case straightforwardly closer to that of the US "neo-liberal heartland." At the same time, through the proliferation of medicalized welfare recipient categories, the bio-politics of welfare reform in BC constitutes an exceptional case of "roll out" neoliberalism in the Canadian context.

### ***Introduction***

Welfare reform has been a central preoccupation of governments across European and North American welfare state regimes over the past decade and more. Amidst a rightward political and economic "drift" along a continuum from "roll back" to "roll out" neo-liberalism (Peck & Tickell, 2002), rising public sector deficits and debts, and falling unemployment levels but persistently high or rising welfare caseloads, governments of different political persuasions have pursued a range of reforms intended to reduce the welfare rolls. These policies include welfare caseload downsizing through disentitlement as well as labour force activation through welfare-to-work legislation. In the ensuing years, at least up until the current economic crisis, welfare caseloads declined markedly. At the same time, use of long-term sickness and disability programs among the working age population increased in a variety of national contexts (OECD,

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2007). Recent studies concerning disability caseloads tend to investigate this trend in isolation, exploring the rising incidence of sickness/disability among the working age population, their exclusion from the labour market, and the associated rising program costs (OECD, 2006, 2007, 2008). We come at this issue – the medicalization of labour market problems (OECD, 2007) – from a different angle. Given that social assistance is the largest area of program expenditure for the disabled in Canada, we would argue that the combination of declining welfare rolls and increasing claims for disability benefits suggests that these trends might be usefully considered in tandem, as reduced eligibility for regular welfare benefits might encourage individuals to apply for disability welfare benefits instead. Thus, in this paper, we focus on the interplay between “regular” and “disability” welfare caseload trends associated with welfare restructuring as an example of the complex, unexpected and oftentimes contradictory ways in which neo-liberalism is constituted and reproduced in practice.

Drawing on the work of Peck and Tickell (2002), we examine welfare restructuring, and welfare caseload trends in three Canadian provinces, British Columbia, Ontario and Newfoundland/Labrador, in terms of the concept of “local neoliberalisms” and roll-out neo-liberal state practices. As described by Peck and Tickell (2002:383), while roll-back neo-liberalism is focused more narrowly on public sector downsizing and expenditure restraint, roll-out neo-liberalism is an agenda focused not simply on destruction, but “on the purposeful construction and consolidation of neoliberalized state forms, modes of governance and regulatory relations”; it is a form of “proactive statecraft and pervasive metaregulation” (pp. 284). While Peck and Tickell explore the generic features of neo-liberalism, they also argue for the value of more “closely specified, institutionally contingent account[s]”, focusing on more

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concrete forms of neo-liberalism (p. 382). We produce such an account in this paper, situating broader and more abstract aspects of neoliberalism in the context of local variability in practice and process. Contrasting a particular “local neoliberalism,” the case of welfare reform in BC, to reforms in Ontario and Newfoundland allows us to explore the relationship of welfare and disability caseloads and contemporary processes of neoliberalism in three jurisdictions operating within the same federal fiduciary, fiscal and constitutional framework, but with independent financing and administration of welfare systems. Each of these provinces modified their welfare systems over the course of the late 1990s and early 2000s, but in different ways. In particular, the relationship between “regular” welfare and disability benefits is different in each province.

In our analysis, we single out British Columbia for particularly close attention because it is the first (and only) province in Canada to introduce welfare time limits. BC's introduction of time limits in 2002 represents a fundamental ideological and policy shift in Canadian social policy – a denial of welfare when in need as a basic social entitlement. At the legislative and rhetorical level, this provision appears to bring to fruition one of the more dire consequences predicted by those critical of neo-liberal policies implemented under the federal Chrétien Liberal government in the mid-1990s (*cf.* Pulkingham & Ternowetsky 1997).<sup>1</sup>

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<sup>1</sup> In 1996 when the federal government eliminated the Canada Assistance Plan (CAP) – a cost shared conditional funding arrangement between the federal government and the provinces – replacing it with the block-funded, “no-strings-attached” Canada Health and Social Transfer (CHST), academic, policy and social activist commentators across the country warned of the possible disappearance of eligibility for welfare assistance as a basic entitlement for those in need as provinces were no longer assisted (through conditional matched funding the CAP) to provide such services.

Yet even though the intent of recent welfare reforms in BC was to bring the province closer in line with the more hard-line 1990s US-style welfare reforms and neo-liberal state practices, recent trends do not move the BC case straightforwardly closer to that of the US “neo-liberal heartland.” Rather, through the proliferation of medicalized welfare recipient categories (a process not echoed in the other jurisdictions), the impact of time limits was lessened. We argue, therefore, that the bio-politics of welfare reform in BC constitutes an exceptional case of “roll out” neo-liberalism in the Canadian context. Thus at the theoretical and political level, the paper considers what can be learned from paying close attention to processes of neo-liberalization and the different forms that “local neo-liberalisms” assume as it traces how BC’s authoritarian and aggressive neo-liberal rhetoric materialized in practice as a more paternalist or “supervisory” (Bashevkin 2002, p. 138), yet equally disciplinary, form of roll-out neo-liberalism.

### ***Welfare reform in the Canadian Context***

For thirty years (1966 – 1996), provincial constitutional authority over welfare, or social assistance, was mediated by the CAP, a federal provision in which provincial spending on social assistance and social services was matched by the federal government, as long as provinces abided by five conditions. But by the late 1980’s and into the early 1990s, with the election of more fiscally conservative federal governments (first the Progressive Conservatives under Mulroney, and then the Liberals, under Chretien), and increasing concern over the rising

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national deficit and debt, the federal government began to tinker with the CAP. Initially (1990), the Conservative federal government placed a “cap on CAP,” amending the cost-sharing formula (reducing the federal share) for the three most well-off provinces at the time (BC, Alberta and Ontario). In 1996, the Liberal federal government abandoned the CAP and the principle of 50/50 cost-sharing altogether in favour of a block funding arrangement (the Canadian Health and Social Transfer, or CHST). Rather than separate and dedicated federal funds being transferred to the provinces for spending on welfare, health, and education, provinces were now free to allocate monies between the three areas of funding as they saw fit. This arrangement effectively put welfare spending in competition with decidedly more politically popular areas of health and education. Further, the CHST was accompanied by a dramatic cut in federal contributions to provinces. Against this backdrop, and rising provincial deficits and debts, provinces across the country looked to reform their welfare programs to reduce the caseload and associated provincial expenditures.

From the mid-1990s on, BC, Alberta and Ontario pursued the most dramatic reforms to their welfare programs (Kneebone and White, 2009; Finnie and Irvine, 2008). Two of these provinces – BC and Ontario – are examined in this paper, as well as a third province, Newfoundland/Labrador, which provides a contrasting case.<sup>2</sup> As the accompanying table (Table 1) indicates, during this time frame, BC implemented reforms to welfare on two successive occasions, first in 1996, under the then governing New Democratic Party (which introduced cuts to welfare benefit rates for those without children, and tighter eligibility rules through the *BC*

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<sup>2</sup> This research is part of a larger mixed-methods study, the Social Science and Humanities Research Council funded Community University Research Alliance project: Lone Mothers, Building Social Inclusion (2005- 2010).

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*Benefits Act*), and then in 2002, under the even more fiscally conservative Liberal government.

The sweeping changes to legislation, policies and regulations introduced by the Liberal government in 2002, through the *Employment and Assistance Act*, included further cuts to benefits for all recipient categories, a further tightening of eligibility rules (including more stringent employment plans), and the unprecedented (in Canada) “two-in-five” year time limit rule, which limits “employable” welfare recipients without children to two years of support during any five year period, while recipients with children may see their benefits reduced by \$100 per month (for single parents) and \$200 per month (for couples). Lone mothers, who were already deemed employable under BC Benefits once their youngest child reached seven years of age, were now required to seek work when their youngest child reached three. BC is also the only Canadian province to eliminate earnings exemptions for “employable” welfare recipients. These changes were accompanied by cuts to the operating budget of the Ministry of Human Resources (now called the Ministry of Employment and Income Assistance) by 30 per cent over a three-year period.

Ontario brought in welfare reforms in 1998 through the *Social Assistance Reform Act*, setting in place a range of eligibility limitations, benefits reductions and asset restrictions. Of the three provinces considered, Ontario implemented the deepest reductions to benefit levels (see Figure 1 and Table 2 below). Significantly, lone mothers were considered “employable” and transferred into the Ontario Works caseload, rather than being treated separately as they had been under the preceding *Family Benefits Act*. As a result, lone mothers with children under school age were required to participate in ‘workfare’ participation agreements for the first

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time. Newfoundland/Labrador implemented changes to its welfare program much later, in 2004, through the *Income and Employment Support Act*. Contrary to other jurisdictions, the reforms put in place *more* generous benefits, lone mothers are not deemed employable and required to seek work (workfare agreements are voluntary rather than mandatory), and welfare recipients can attend post-secondary education while receiving social assistance. In Canada benefits for persons with disabilities are delivered through a variety of government and private sector programs. In order of magnitude of program expenditure, these programs include provincial/territorial social assistance (welfare) benefits for the disabled, workers' compensation, private disability insurance, Canada Pension Plan-Disability Benefits and Quebec Pension Plan –Disability Benefits, veteran's disability allowance and Employment Insurance sickness benefits. As in many other OECD jurisdictions (OECD, 2007), the national disability rate, which reflects changes in population age distributions and reporting behaviours, has increased in Canada, rising from 12.4% in 2001 to 14.3% in 2006 (Statistics Canada, 2006a). However, the increase in the reporting of disabilities during this period varies considerably both by province and severity of the disability. For example, BC's disability rate increased from 14% to 16%, Ontario's increased from 13.5% to 15.4%, while Newfoundland/Labrador's increased from 12.3% to 14.9% (Statistics Canada, 2006b). In terms of severity of disability, the largest increase was for those reporting mild disabilities (with a rate of 26.6%), followed by those with moderate disabilities (20.6%), while those reporting severe disabilities grew at a rate of 19.2% and those with very severe disabilities increased 16.4% (ibid).

<b>Table 1. Welfare Programs in Three Provinces</b>		
<b>British Columbia</b>	<b>Ontario</b>	<b>Newfoundland/Labrador</b>
<p><b>Current Program (2002- )</b> <i>Employment and Assistance Act</i><sup>1</sup></p> <ul style="list-style-type: none"> <li>• Temporary Assistance                             <ul style="list-style-type: none"> <li>○ Persons Expected to Work</li> <li>○ Persons Expected to Work But Temporarily Excused                                     <ul style="list-style-type: none"> <li>• Child under three years</li> <li>• Medical Condition</li> </ul> </li> <li>○ Persons with Persistent Multiple Barriers</li> </ul> </li> <li>• Child in the Home of a Relative</li> </ul> <p><b>Employment and Assistance for Persons with Disabilities Act</b></p> <ul style="list-style-type: none"> <li>• Persons with Disabilities</li> </ul> <p><b>Predecessor Program</b> <i>BC Benefits Act</i> (1996 - 2002)</p> <ul style="list-style-type: none"> <li>• Basic Benefits                             <ul style="list-style-type: none"> <li>○ Under age 19</li> <li>○ Welfare to Work (ages 25-59)</li> </ul> </li> <li>• Age 60-64</li> <li>• Seniors'/Old-Age Security</li> <li>• Child in the Home of a Relative</li> </ul> <p><i>Youth Works Act*</i> (ages 19-24)</p> <p><i>Disability Benefits Program Act*</i></p> <ul style="list-style-type: none"> <li>• BC Benefits Disability Level One</li> <li>• BC Benefits Disability Level Two</li> </ul> <p><i>Guaranteed Available Income for Need Act</i> (1979-1996)</p>	<p><b>Current Program (1998 - )</b> <i>Ontario Works Act</i><sup>2</sup></p> <ul style="list-style-type: none"> <li>• Ontario Works (Work requirement is temporarily deferred for sole support families with children under school age).</li> <li>• Ontario Disability Support Program</li> </ul> <p><b>Predecessor Program</b> <i>General Welfare Assistance Act</i> (1990-1998)</p> <p><i>Family Benefits Act</i></p> <ul style="list-style-type: none"> <li>• People with disabilities and permanently unemployable</li> <li>• sole support families</li> </ul>	<p><b>Current Program (2004 - )</b> <i>Income and Employment Support Act</i><sup>3</sup></p> <ul style="list-style-type: none"> <li>• Regular Benefits</li> </ul> <p>(Disability Supplementary Allowance - a flat rate supplement of \$125 per calendar month is available to those deemed to have a disability as determined by the Ministry of Health and Community Services)</p> <p><b>Predecessor Program</b> <i>Social Assistance Act</i> (-2004)</p>

<sup>1</sup> Ministry of Housing and Development (2008 -); Ministry of Employment and Assistance (2002-2008)

<sup>3</sup> Ministry of Human Resources, Labour and Employment

As welfare programs represent the largest area of program expenditure for persons with a long term sickness or disability in Canada (accounting for approximately one-third of such expenditures), the way welfare disability benefits are provided at the provincial level, and their interplay with regular welfare benefits, is important to consider. As Table 1 indicates, both BC and Ontario operate separate welfare income support programs for persons with a disability, and eligibility is determined by the ministry responsible for welfare. In contrast, Newfoundland/Labrador does not operate a separate income support program, but provides a nominal income supplement to persons in receipt of welfare who are deemed to have a disability as determined by a separate ministry (the Ministry of Health and Community Services). Notably, BC has a much more complex official set of medicalized beneficiary categories than the two other provinces. In addition to the disability classification of Person with a Disability (PWD), there are two medicalized categories within the regular social assistance program: Temporarily Excused due to a Medical Condition (TEMC), and Persons with Persistent Multiple Barriers to Employment (PPMB)<sup>3</sup>.

As Figure 1 and Table 2 indicate, regular and disability incomes have converged across the three provinces examined over time, with regular and disability benefits declining in BC and Ontario, but rising (regular) or remaining stable (disability) in Newfoundland/Labrador. As noted above,

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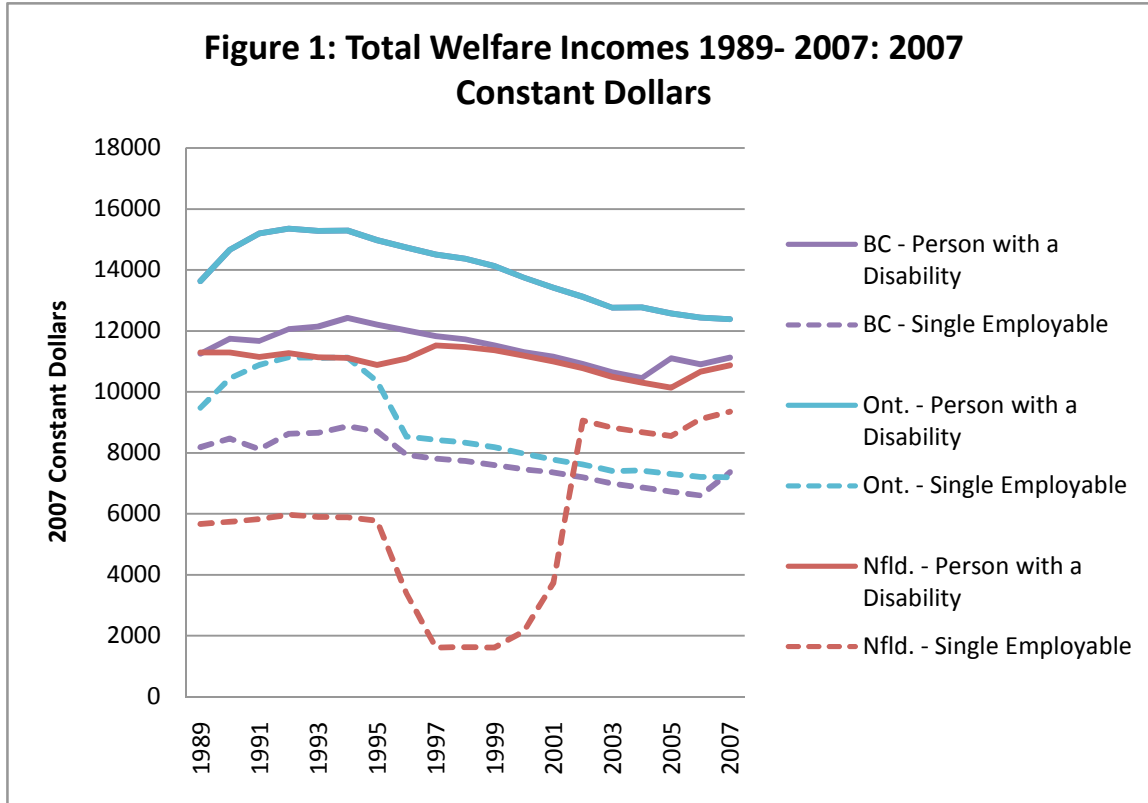
<sup>3</sup> To qualify for PPMB benefits, a recipient must have been on social assistance for twelve out of the previous fifteen months and have a “frequently occurring or continuous medical condition (other than an addiction), which has been confirmed by a physician, and is likely to continue for at least two more years” (Carter, 2009: 9).

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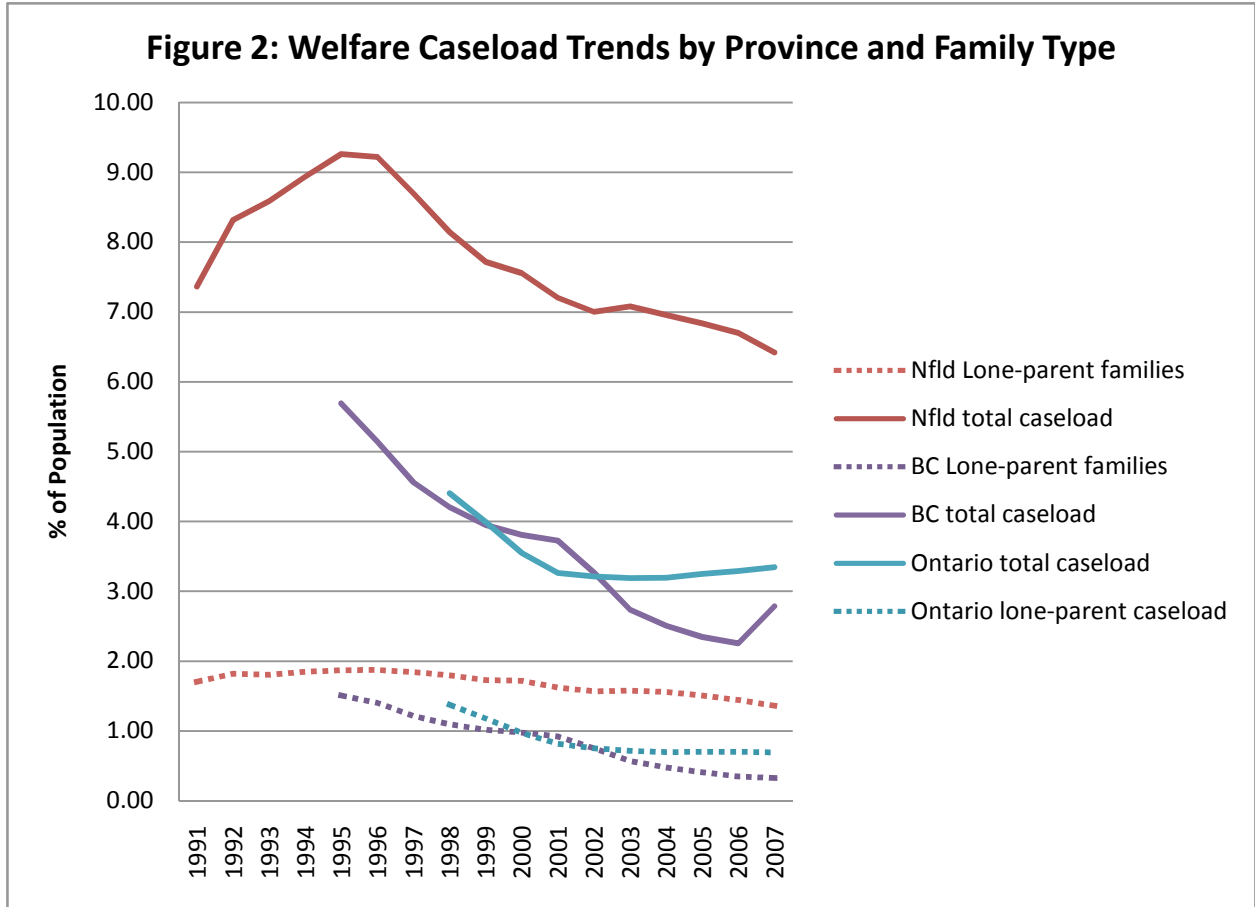
the biggest decline in benefits is observed for Ontario, where benefits for single employable individuals fell by 35% between 1994 and 2007 and benefits for the single disabled fell by 18%, while benefits for single employable people in Newfoundland/Labrador rose by 59% over the same time period. While regular and disability benefits declined most dramatically in Ontario, Ontario historically has also had comparatively higher welfare rates. In the end, Ontario still has the most generous benefits for the disabled, with disability benefits in the other two provinces on an equal footing; Newfoundland now has the most generous benefits for the single employable category, with benefits for this category in BC and Ontario on an equal, but lower, footing. One other notable trend over time for BC and Ontario is that even though regular and disability benefit rates have declined over time, regular benefits have declined at a faster pace so that the differential between regular and disability benefits has widened. In contrast, the differential between regular and disability benefits in Newfoundland/Labrador has narrowed considerably over time. Thus, in all provinces, while the disabled supported through social assistance programs are worse off financially than they were before welfare reforms commenced in the mid-1990s (albeit to a much smaller degree in Newfoundland), the income "advantage" of disability benefits has increased in BC and Ontario, whereas it has declined in Newfoundland/Labrador. As we discuss below, benefit rates likely play into the welfare caseload trends observed in the three provinces.

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Category	British Columbia			Ontario			Newfoundland/Labrador		
	1994 (\$)	2007 (\$)	% Change	1994 (\$)	2007 (\$)	% Change	1994 (\$)	2007 (\$)	% Change
Person with a Disability	12,430	11,125	-10.5%	15,128	12,382	-18.1%	11,118	10,878	-2.2%
"Regular" Welfare - Single Employable	8,865	7,365	-16.9%	11,128	7,204	-35.3%	5,887	9,348	+58.8%
\$ Difference Reg. & Disability benefits	3,565	3,760		4,168	5,178		5,231	1,530	
Ratio Regular to Disability Welfare Income	0.71	0.66	-5.5%	0.74	0.58	-29.4%	0.53	0.86	+29.2%

Source: Authors' calculations based on National Council of Welfare Winter 2008. Welfare Incomes, 2006 and 2007. Volume 128. Table 3.1. Pp. 72-75.



### Overall caseload trends

Figure 2 documents overall welfare caseload trends in for all recipients as well as for lone parent families as a percentage of total provincial population from 1991-2007 for Newfoundland, from 1998-2007 for Ontario, and from 1995-2007 for British Columbia, using administrative data from the Ministries responsible for social assistance in each case. To facilitate comparison, figures are reported as a share of provincial population, using population estimates from Statistics Canada's Census.

The figure reveals a consistent pattern of higher caseloads for Newfoundland (a province with a history of economic disadvantage), than for Ontario (traditionally the industrial heartland of

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Canada), and British Columbia (which has a resource-based economy). While this is true for both the overall caseload and lone mothers, it is considerably more pronounced in the former instance.

Between 1998 and 2000, Ontario caseloads decline at a faster rate than British Columbia's, dipping below the latter's caseload as a percentage of population. However, after 2001, Ontario caseload's level out, while British Columbia's decline, such that by 2007, they are the lowest of the three province's by a fair margin. Although we do not directly model reasons for these differences, past scholarship on welfare caseloads suggests that overall welfare caseload levels in Canada have been driven most strongly by unemployment rates, with improvements in economic conditions playing the largest role in explaining downward trends in national welfare caseloads over time (Finnie & Irvine, 2008). The early 1990s were characterized by a deep recession in Canada (and an expansion in welfare caseloads), but after 1996 especially, the economy underwent a sustained recovery, with unemployment rates dropping substantially (*ibid*). However, the impact of unemployment rates differs among different types of welfare recipients, as well as among province. Using national data from the Longitudinal Administrative database, a database of tax filers, Finnie finds that between 1994 and 2005, changes in the unemployment rate explained 65% of the change in welfare caseloads among single welfare recipients, but only 29% of the change among lone parents. Kneebone and White (2009), use aggregate administrative data regarding the number of social-assistance recipients overall provided by provincial governments to Human Resources and Development Canada, and find that the unemployment rate explains 41% of the change in social assistance rates from 1994 to

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2003 in provinces other than British Columbia, Alberta, and Ontario, but only 11%, 21%, and 18% in these latter three provinces.<sup>4</sup>

The relatively smaller role of economic conditions in explaining caseload decline in British Columbia, Alberta, and Ontario is not coincidental. These three provinces experienced the most dramatic changes to their welfare systems, and social assistance rates are also sensitive to changes in benefit levels and eligibility rules. As discussed, Ontario instituted dramatic reforms in this respect in 1998, while BC was subject to significant reform in two successive periods, 1996 and 2002. Declining benefit levels mean that it is more difficult for welfare recipients to make ends meet, making employment relatively more appealing. Declining benefit levels are a particularly strong predictor for changes in welfare rates among lone parents in Canada, for whom they are a more important factor than even economic conditions and employment availability, explaining 35 % of the change between 1994 and 2005 (Finnie and Irvine, 2008). In British Columbia, Alberta, and Ontario, benefit levels also appear to be an equal or stronger predictor of caseloads than the unemployment rate, explaining 17%, 20%, and 25% of the decline in caseloads respectively. In British Columbia, Alberta, and Ontario, changes in administrative rules also appear as more important than economic conditions – indeed, they are the most important factor in each case. In British Columbia, Kneebone and White estimate that 65% of the overall change in the caseload is attributable to such changes, while they account for a smaller but still substantial 49% of the change in Alberta and 47% of the change in

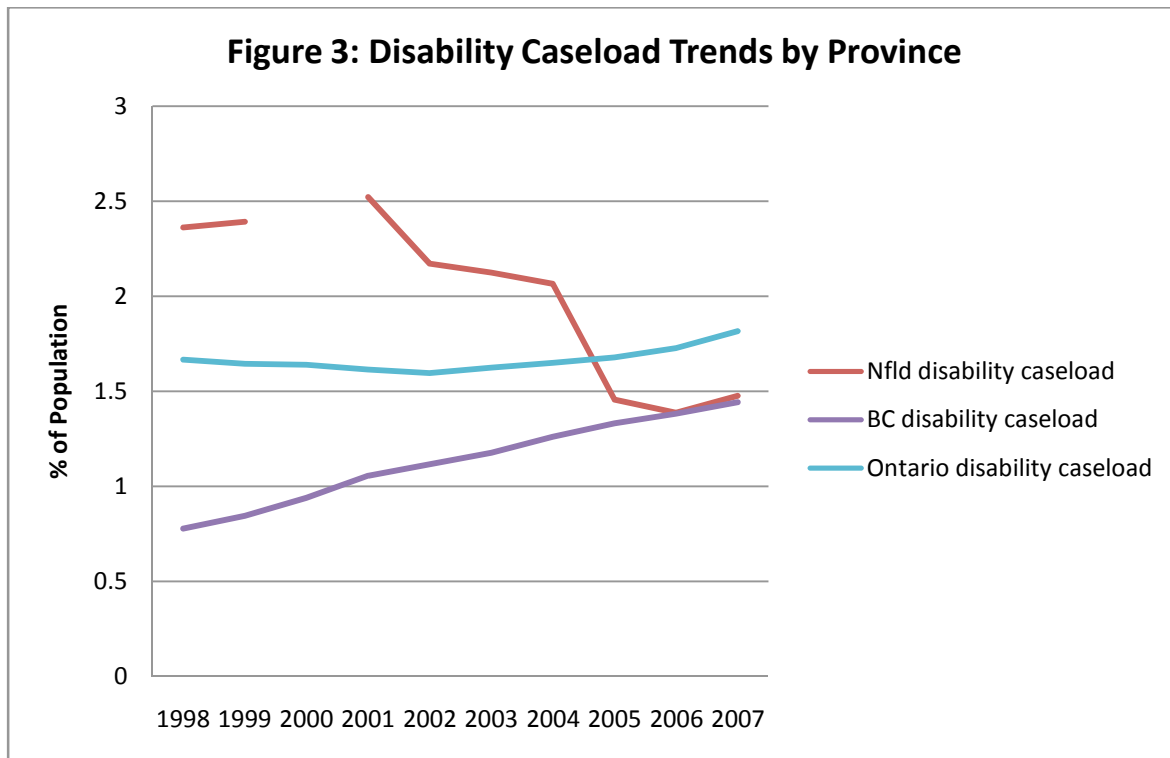
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<sup>4</sup> This administrative data set does not identify the different categories of beneficiary recipient (i.e., the number of persons collecting social assistance as a “single employable,” “single parent,” “disabled” etc.)

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Ontario. Hence the particularly dramatic drop in British Columbia's caseload evident in Figure 2 after the 2002 reforms. Although not modeled directly by Finnie and Irvine, the significance of year-specific indicators on caseload levels suggest that policy rule changes matter particularly for lone parents, where they explained 34.4% of the change in national welfare caseloads, higher even than the impact of the unemployment rate nationally, which was the most important explanatory factor for national statistics (*ibid*).

### Disability caseload trends



Although most research on welfare caseloads has treated social assistance recipients as a monolithic category, as described earlier, not all welfare recipients are treated the same way

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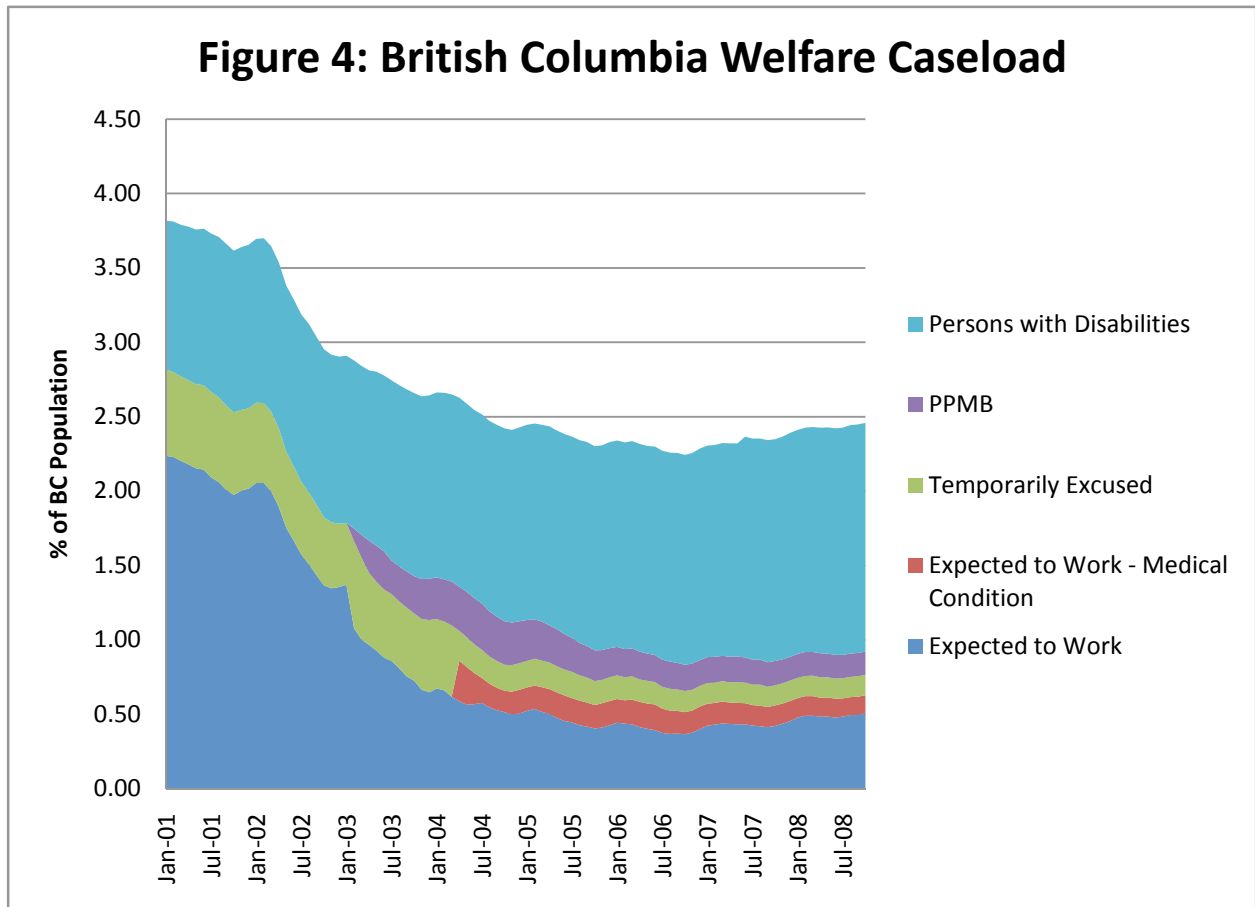
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administratively in different jurisdictions, and caseload trends are not the same for all groups. Because individuals classified as disabled are assumed to be receiving assistance because their disabilities make paid employment difficult or impossible, they often receive higher benefit levels (either in recognition of extra expenses associated with their conditions and/or because the presumed employment incentive effects of very low rates are presumed less relevant for this group), and are not subject to the same pressure to move off of assistance. Figure 3 documents trends in welfare caseloads for those classified as "disabled" in Ontario, British Columbia, and Newfoundland. As with overall caseloads, Newfoundland begins with a much higher disability caseload, although this drops drastically after 2004, falling below Ontario's caseload and converging with British Columbia's. This drop likely indicates an administrative change in how individuals are classified, rather than a movement of disabled individuals off the welfare rolls, and converges in time with a dramatic increase in beneficiary rates for single employables in the province. In contrast to the declining trend for Newfoundland, both Ontario and British Columbia see a rise in the disability caseload over time, even after adjusting for population growth, a trend that is most pronounced for British Columbia. The Ontario disability caseload does, however, still exceeds British Columbia's by 2007.

### **Overall Caseload trends in BC**

The relatively steady rise in the BC disability caseload both before and after the Liberal reforms does not reveal the entire picture in terms of trends for medicalized welfare recipients. Indeed, after the 2002 reforms, a number of administrative changes resulted in the addition of additional categories of recipients who remained in the overall "Expected to work" category,

Draft. Do not quote without authors' permission but were nonetheless temporarily excused for looking for work for medicalized reasons. To show how these new categories shaped the composition of the BC caseload, Figure 4 details trends in both the level and composition of British Columbia's welfare caseload between January 2001 and March 2009. The coloured area represents the total caseload (excluding children in the care of relatives) as a percentage of the provincial population, while the different colours indicate the share of the total caseload comprised of the separate case categories. While Figures 2 and 3 presented averaged yearly caseload data, Figure 4 uses monthly estimates to provide a more fine-grained description.



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As expected from Figure 2, through the early to mid 2000s, Figure 4 reveals a dramatic decline in the overall welfare caseload, although we now can see small seasonal upticks each year. The lowest point is August 2006, when the welfare caseload was 95,977, or 2.3% of the population, down from 3.8% in January 2001. However, after this point, the overall caseload begins to rise gently. By October 2008, it has risen to 2.5%.

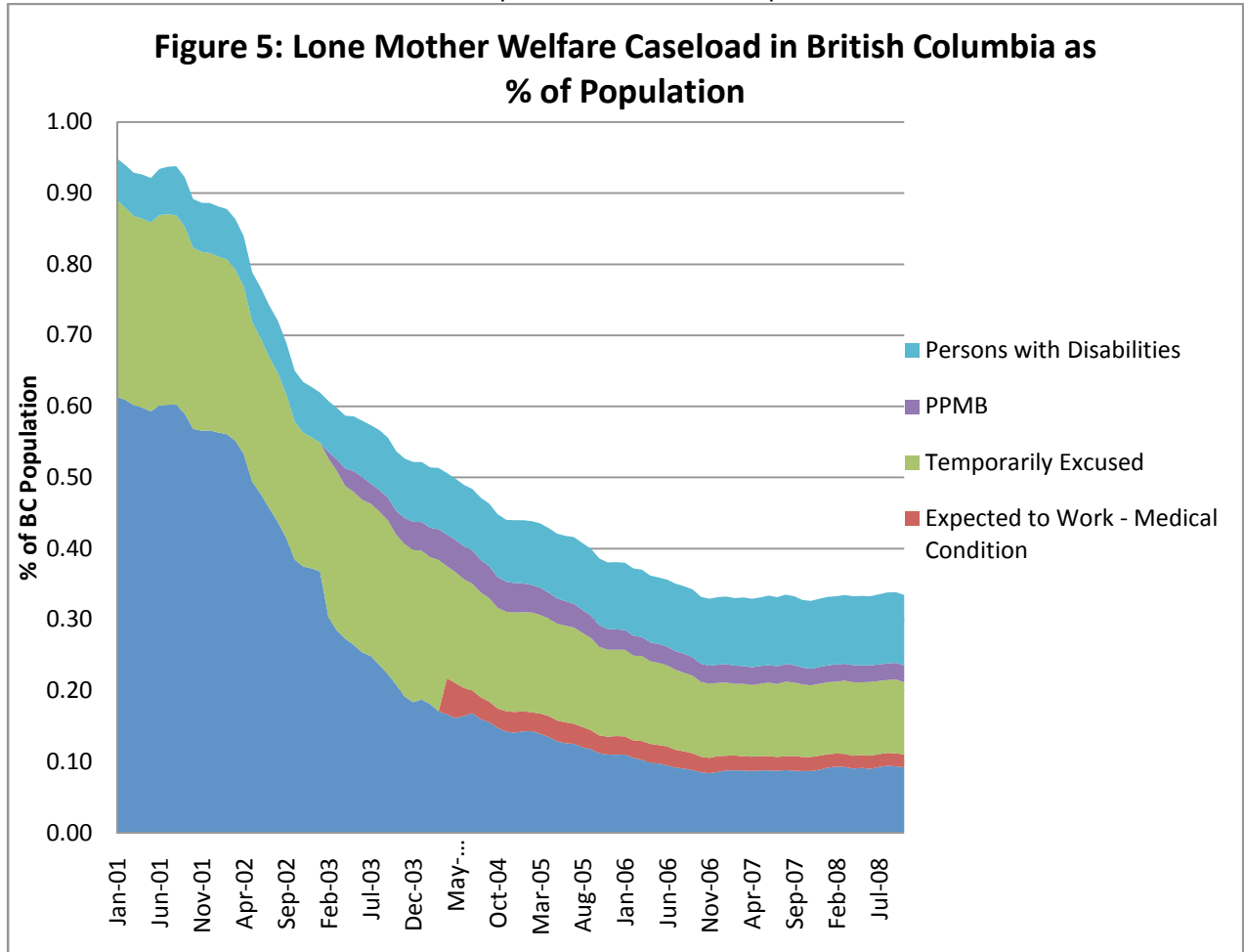
Figure 4 makes it clear that the downward trend in the overall caseload was driven primarily by dramatic changes in the number of cases in the expected to work category. Prior to the BC Liberal reforms, such 'employable' individuals comprised the majority of the caseload (58.6% in January 2001). By in August 2006, they had dropped to just 16.3%, before rising slightly to 20.6% in October 2008.

The declining share in the employable caseload is largely attributable to a drop in this category, although the rise in the disability caseload also contributes. In January 2001, people with disabilities receiving income assistance comprised 1% of the population, by October 2008, this number had risen to 1.54% of the population, a 54% increase. From 26% of the caseload in January 2001, people with disabilities comprised 62.6% in October 2008. Notably, this rate of increase in the disability welfare caseload (54%) since 2001 far exceeds the rate of growth nationally (21.2%) in the number of persons who reported a disability between 2001 and 2006 (Statistics Canada, 2006d). The number in the "expected to work" category but temporarily excused from this obligation dropped slightly immediately after the 2002 reforms, but the addition of the PPMB category in 2003 initially increased the caseload of those classified as ETW but not immediately subject to employment obligations (i.e., PPMB and temporarily

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Draft. Do not quote without authors' permission excused). The PPMB category refers to "people with persistent and multiple barriers" to employment, and includes individuals who have been on assistance for some time (more than one year) with medical conditions confirmed by a physician that are expected to last for at least two more years. The fact that the general temporarily excused category does not decrease when this new sub-category is introduced suggests that individuals in this category were reclassified from the general ETW population, not those already temporarily excused from employment obligations. By contrast, the introduction of the "expected to work, medical condition" category in 2004 does cut into the caseload characterized as temporarily excused, suggesting that this category was largely applied to those already temporarily excused from employment obligations, likely as a means of allowing them more time before imposing a work search obligation. The group most likely to find themselves in this position are lone mothers whose youngest children are coming up on their third birthday, which would normally mark the end of the period in which they are not subject to employment obligations. To look at trends for this group in more detail, Figure 5 documents caseload levels and composition over the same period for lone mothers.

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As Figure 5 reveals, trends in the general ETW category for lone mothers echo those for the welfare population of BC as a whole, declining dramatically, and shifting from the largest caseload category to a minority. We also see an increase in the disability caseload, although it comprises a relatively smaller share of the caseload for this group overall. The general temporarily excused category is substantial among lone mothers, and remains the largest category of those in the ETW classification but not immediately subject to employment obligations even after the introduction of the PPMB and ETW medical condition categories.

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***Discussion and Conclusion: Welfare reform and the practice of neo-liberalism***

Despite the “commonsense” appeal – the seeming immutability and ubiquity of neo-liberal political rationality – in this paper we suggest that welfare reform in the three provinces examined points to the complex, unexpected and often contradictory ways in which neo-liberalism is constituted and reproduced in practice. Although the welfare rolls declined in all three provinces, Newfoundland/Labrador, governed by a Progressive Conservative government, pursued a distinctively different style of welfare reform in the past decade, moving away from rather than intensifying the distinction between regular and (medicalized) disability cases.<sup>5</sup> Importantly, it accomplished these reforms not by a “hollowing out,” or degrading social assistance benefits for disability welfare beneficiaries, but by retaining and expanding less restrictive eligibility criteria (especially for lone parents), and introducing more generous benefits for employable categories, reducing considerably the differential between regular and welfare disability benefits and caseload numbers. In contrast, welfare reforms in Ontario and BC were both intentionally designed to bring about a massive downsizing of the welfare rolls – a roll-back neo-liberal agenda. And in these two provinces, administrative changes and economic conditions dramatically reduced the welfare rolls. However, the overall decline conceals a more complex pattern of welfare caseload trends in which welfare disability caseloads rose significantly, a pattern that is especially pronounced in BC.

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<sup>5</sup> This development starkly contrasts with the direction taken in the second half of the 1990s in the province when welfare benefits for single employables were cut significantly, widening the difference between benefits for single employables and the disabled. Notably, during the mid-late 1990s, the differential between regular and disability benefits was widest (by a considerable margin) in Newfoundland/Labrador, compared to Ontario and BC (see Table 1 and Figure 1).

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In BC, although the Liberal government initially rolled out a dramatic plan of welfare reform more explicitly aligned with and informed by hard-line 1990s US-style welfare reform, designed to “move people off” of welfare, it ended up implementing exemptions to the new rules and creating a number of medicalized recipient categories (TEMC and PPMB) in addition to PWD, that mediated the impact of the intended welfare reforms, specifically, the “two-in-five” year time limit rule (as well as the elimination of the earnings exemption). It was forced to do so in the face of rising opposition to and social activism about the more contentious aspects of its welfare reform legislation. Within a year of implementing the legislation (in February 2003) the ministry created a new medicalized category called “persons with persistent multiple barriers to employment” (PPMB). During the fall of 2003, as the first cohort of welfare recipients potentially affected by the time limit rule approached the “two-in-five” year limit, opposition to the rule mounted. And by early February 2004, the provincial government announced a new regulation, the “25th exemption” to the time limit rule (exempting anyone who was abiding by his or her Employment Plan) that had the immediate effect of removing thousands of people from imminent risk of being cut-off (Klein and Pulkingham, 2008). As Klein and Pulkingham (2008) suggest, this exemption to the time limits rule “is but one of the ways in which the government circumvented what many predicted would otherwise have been a social catastrophe of unprecedented proportions.” By April 2004, the government added a further medicalized classification to the temporary assistance caseload called “expected to work – medical conditions” (TEMC).

These developments suggest that while the BC Liberal government did not roll over in the face of considerable opposition to and social activism about the more contentious aspects of its

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welfare reform legislation, the new policy in practice rolled out welfare reform rather differently than the initial policy design intended. Developments in BC are also quite different than in Ontario where disability cases also rose, but not to the same degree as in BC, and without the creation of a range of official medicalized categories of welfare receipt. As such, we would argue that the bio-politics of welfare reform in BC constitutes an exceptional case of “roll out” neo-liberalism in the Canadian context. In many respects, welfare reform, BC style, provides a clear example of how people are “made up,” to borrow a term from Hacking (2004) and speaks at once to the adaptive capacities of both neo-liberalism as a political-economic project, and to the people caught in its clutches. The way people are “made up” in this new welfare regime parallels to a certain degree the dynamics of “biological citizenship” as described by Petryna (2002) in relation to the way the Ukrainian state distributed disability entitlements after the Chernobyl disaster. That is, rather than persisting with the more cost-efficient welfare reform plan by strictly enforcing the new welfare time limits, the BC government reverted to a more paternalistic role as “giver and taker of social resources” (ibid: 5) through recourse to established and new medical classifications for welfare entitlement. Importantly, as Petryna underscores, while the government is resorting to a known form of bureaucratic dependency, government actors and citizens (potential recipients) alike are invested in the process, and the interactions expand the range of options for people to enact citizenship roles (ibid: 5).

This analysis also underscores two of the fundamental points put forward by Peck and Tickell (2002). First, neoliberalization is associated with practices of “fast policy transfer” where “off-

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the-shelf" "ideas from America" are often imported (ibid, p. 398), deepening the reach of neoliberalism. And second,

"the outcome [of neoliberalization] is not homogeneity, but a constantly shifting landscape of experimentation, restructuring, (anti)social learning, technocratic policy transfer, and partial emulation...Rather than some rapidly accomplished 'bottoming out' of minimalist regulatory settlements, it tends to result in ongoing institutional restructuring and externally leveraged 'reform' around new sets of axes" (p. 396).

Interestingly, Peck and Tickell suggest that in the face of challenges, what distinguishes neo-liberalism is its ability to "capitalize on such conditions" to adapt and engage in "regulatory reinvention" (p. 392). One of the ways in which this process is evident in BC, is in the reconstitution of the welfare caseload and proliferation of distinct medicalized welfare caseload categories, and the relative, absolute and per capita increase in that portion of the welfare caseload consisting of those who occupy these medicalized categories. Peck and Tickell's message is that if neo-liberalization is understood as a process of becoming, rather than an end point, then we should not expect it to "lead to a simple convergence of outcomes" (p. 383).

Welfare reform in Canada corroborates this argument. While welfare reform in BC in particular is informed by "ideas from America" the process of neo-liberalization unfolding through welfare reform turns out to be quite different than in the US. Rather than "disciplining the noncompliant" by putting into practice US inspired welfare time limits, as it had intended to, the BC government switched tactics, simply reinforcing existing welfare-to-work requirements

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Draft. Do not quote without authors' permission (compliance with job search/employment plans). At the same time, through the construction of medicalized categories of welfare dependency status, and increasing use of existing medicalized categories, the government reconstituted the practices by which it socializes individualized subjects. In the process, through welfare reform, BC has honed a distinctive and highly "complex and rule-based administrative scheme" (Bashevkin 2002: 138) designed to govern the poor.

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