

How to Fight Poverty:

Unsolicited Advice to Saskatchewan's Political Opposition

By Rick August

Welfare is much bigger in Saskatchewan than it used to be. Saskatchewan welfare numbers were on a steady decline since the late 1990s, mainly due to structural reforms in the Romanow era. Since 2007, however, welfare households are up 27%, and costs have increased by over \$110 million per year.

You will note this period coincides with the Saskatchewan Party's time in power. One might ask how and why a conservative-leaning government would expand welfare to such a degree. The answer is, bad policy choices.

How we got here:

In the 1980s, the Devine government's welfare policies could be called redneck conservatism. Rules were changed to try to make it harder to get on and stay on welfare. Provincial politicians openly revelled in welfare-bashing.

This punitive approach did not work. Welfare numbers were 22% higher at the end of the Devine government's term than its beginning. This was not only a policy failure; it also became a political liability. It energized the government's critics and contributed, with many other factors, to a rout for the PCs in 1991. Welfare policies had cost the Progressive Conservatives political capital.

The Saskatchewan Party was created in 1997 as a "unite the right" party, but lost two elections with an overly-conservative program. Its successful platform in 2007 took a softer line on social policy, with no direct reference to welfare. The new government's plan, it appears, was to avoid controversy by following a traditional, passive welfare policy.

This political choice set in motion the rise in welfare numbers. Programs that support employment were downgraded, and general welfare was eventually rolled up into a single, one-size-fits-all program called Saskatchewan Income Support (SIS). These changes reduced the outflow of people from welfare.

In addition, the Saskatchewan Party government started a new program in 2009 called Saskatchewan Assured Income for Disability or SAID. Supposedly aimed at a few thousand severely and permanently disabled individuals, this program quickly grew to represent more than half of all welfare households.

This occurred because SAID was badly designed. World experience, had it been consulted, would have predicted its problems. Mature European social democracies, for example, have been unwinding similar programs because they hollow out labour markets and burden taxpayers with unnecessary costs.

SAID imposed a welfare solution on the problems of people with disabilities, and this was no accident. SAID was explicitly modeled on an Alberta program, Assured Income for the Severely

Handicapped (AISH) that now dominates welfare in that province, at enormous economic and social cost.

One might ask why the Saskatchewan Party would make such a strange and predictably disastrous policy choice. One factor was clearly political influence of the Saskatchewan intellectual disability support community, traditionally rural-focused and conservative. Many details of SAID favour adult children of affluent families. Some advocates supported the new program because they believed it was an alternative to welfare, rather than an expansion.

The larger reason is perhaps the more sinister. Alberta's policies allowed most economic dependents to be defined for political purposes as disabled. Because people with disabilities are seen by the public as blameless and deserving, this quite cynical move allowed the Alberta government to avoid accountability for welfare policies. Saskatchewan's changes had the same political motives.

It should be no surprise that the higher benefits of SAID attracted people both from the general welfare population and from the labour market. The program was framed as a showcase initiative that welcomed people with disabilities. The responsible minister at one point even boasted that SAID was drawing new households onto benefits, and set out targets to capture even more. Once inside this program, extremely powerful work disincentives ensure that few who go on SAID will ever leave.

On a broader political level, while the program contributed to more welfare dependency in Saskatchewan, these higher welfare numbers, being associated with disability, were effectively immune to criticism. Just like in Alberta.

Opposition views so far:

Saskatchewan income security policy is a mess, and it will be up to a new government to fix it. The Saskatchewan Party is invested in the status quo and, in truth, much more focused on creating a permanent institutional kleptocracy than fixing bad social policy. Improvement will only come from political change. The stance of opposition parties is therefore very important.

Saskatchewan's new far-right parties have little to say about the issue. The Buffalo Party opposes income equality programs, but would stand to protect welfare landlords. The Saskatchewan United Party's public platform does not yet address poverty issues. On the other fringe, the Greens make only a general commitment to social justice, whatever that means.

Arguably more mainstream parties fare little better. The Saskatchewan Liberal Party (with name change perhaps pending), calls rather helpfully for the rental housing supplement to be restored, but less helpfully (as we shall see) for higher welfare rates and easier eligibility.

The position of Saskatchewan New Democrats merits attention, as it has seats in the House and considerable history in government. However, the party's stance on social policy has so far focused on demands for higher rates, rather than structural reform.

The NDP is in danger of falling into a historic strategic trap. NDP politicians, in opposition and newly elected, tend to bow to the welfare lobby that forms part of their base. New in government, they tend to raise rates and send pro-welfare messages. This inevitably leads to higher welfare caseloads and costs, until the public forces them into a climb-down or defeat.

This was certainly true of the last NDP government in Saskatchewan, but the most extreme example was the Rae government in Ontario. Its plan to eradicate poverty through welfare was made into a wedge issue by a soon-to-be-successful conservative opposition. The poor that Mr. Rae's government thought it was helping were made scapegoats, and ended up much the worse for it.

Why not just raise rates?

It is common for government critics to decry low welfare rates. That is the wrong focus. Welfare was created to prevent destitution, not eliminate poverty. It was to be the last resort in a social security system based mainly on employment. It has been allowed by governments to escape that confined role.

Governments have never been very good at helping citizens move from welfare to work, and have been irresolute in insisting that they do so. As a result, welfare populations have developed into a more-or-less permanent workless underclass, which in Saskatchewan, counting reserves, now captures almost one in ten citizens.

There are some that argue that poverty is merely distributional—if people don't have enough money, government should just give them more. This thinking is behind periodic calls for a so-called guaranteed annual income, and seems at present to be guiding much of federal social policy.

This approach misses a fundamental point: it matters how we get our money. Both research and common sense tell us people are generally much happier, and enjoy higher community status, if they have a productive role and at least some financial independence. And, needless to say, society as a whole is better off with fewer dependent citizens.

So, in thinking about benefit rates, it is important to remember that welfare is a demographic program. The level of benefits for those who do not work sets the earnings level below which it no longer pays to work. Set it too high, and there will be too few left to work and pay taxes to support those who do not. There is, in short, no way to eliminate poverty through benefits, and an attempt to do so will soon undermine the coherence and fiscal sustainability of a society.

While advocates complain about low rates, in truth we are already well along this risky path. As of July, 2023 a non-working single parent with two young children qualifies for a minimum of \$35,702 in tax-free federal and provincial benefits. With a SAID-credible diagnosis this minimum guarantee reaches \$37,262.

This is equivalent to taxable gross employment income of at least \$50,000, or about \$25 or more per hour of full-time work. Going from no earnings to \$50,000 or higher—the process that would “make work pay”—will be a rare accomplishment.

Federal and provincial benefit for singles are much lower, of course—\$16,000-18,000 per year, on average. This is still higher than some advocates would have you believe, and it needs to be remembered that this groups has, at the very least, significant potential for self-support through work.

The only societies that have sustained high benefit levels are those, like in Northern Europe, that openly and consistently compel recipients to find work. This is not the case here. Federal benefits are reduced by income but there is no employment expectation. Provincial welfare, especially in its current form, makes no more than a token effort to support employment.

Dependency easily becomes a habit as much as a necessity. In fact, welfare and work have become separate cultural worlds. Long-term economic and social exclusion is the real problem we need to address, and merely raising welfare rates only makes this harder.

How to think about poverty:

Here, in my opinion, are policy perspectives a Saskatchewan opposition party should adopt if it wants to create an effective and sustainable anti-poverty strategy.

- Take a longer perspective than just current programs and current conditions. Policy choices reduced dependency in the past, and more recent policy choices have increased it. Which side of history would you prefer to be on?
- Our present level of welfare dependency took seventy years or more to create, and changing that reality without hardship will not happen through “big bang” changes. Set out your vision for better outcomes, and be prepared to make changes in stages that are guided by that vision. Ken Battle, when with the Caledon Institute of Social Policy, memorably called this approach “relentless incrementalism”.
- Don’t cast yourself in the role of social program designer; this needs expertise. SAID was, figuratively speaking, designed by political staff on the back of a cocktail napkin. Don’t make the same mistake. The current Saskatchewan public service has been deliberately politicized and lacks real policy expertise, but you, as a new government, plan to change that, do you not?
- Stop over-focusing on benefit rates. If government makes a modest adjustment, it will be, as one of you has said, “a drop in the bucket”. Make a major rate upgrade and it will cost tens of millions, attract more citizens to welfare, and lock them even deeper into dependency. If you have a lot of new money for social policy, why would you spend it on building up welfare?
- Have the moral courage to embrace employment—in all its forms and degrees—as the real solution to poverty, and the real path to a more inclusive society. If you could make progress on this, it clears the way, politically and financially, to do a better job for those who really can’t work.
- We can’t be glib or naïve about employability. Bureaucracies have never been good at distinguishing “can’t work” from “won’t work”, and most of those the system calls “employable” would not meet a real-world employer’s needs. Make employment the default assumption, but build (or rebuild) real employment supports. Take a patient but persistent approach.
- Government has generally been bad at undoing the effects of labour force exclusion. It would be useful to engage the help of the private sector and non-government organizations

to help prepare new adult workers. The heavily subsidized SARCAN system, for example, whose original business model has been undercut by SAID, could provide a model for supported entry-level employment.

- Challenge patronizing assumptions about disability. Most SAID recipients are not “severely and permanently disabled”, and even for those who are, should public policy aim so low as to merely “pension them off”? After all, how did Stephen Hawking make out in life? Phase out SAID over time in favour of a serious and determined package of disability supports using employment-friendly subsidy models. Don’t subject people with disabilities to the curse of low expectations.
- The loss of democratic accountability provides a smoke-screen for bad public policy. The current government publishes no useable social program statistics. This is not an accident; it is a deliberate strategy to avoid criticism and hinder independent analysis. Make a public commitment to open government, in social policy and in all else, and follow it through when you get the chance. The rebuilding of honest government has to start somewhere!

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