
A Focus on Income Support: Implementing Quebec's Law Against Poverty and Social Exclusion

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On April 2, 2004, the Quebec government released its long awaited action plan against poverty and social exclusion.¹ Mandated by the December 2002 anti-poverty law (Bill 112),² this plan was almost a year overdue, and was greeted with suspicion by social organizations involved in the fight against poverty. The new Liberal government's centre-right orientation, and a draft plan leaked in November 2003, suggested that, at best, the effort to reduce poverty would be marginal. The new plan, however, came as a surprise. It included, among other things, an end to the penalties imposed on social assistance recipients who refuse to participate in training or employment measures, an improved supplement for those who participate, and new income support measures for the working poor, with or without children.

Reactions to this new approach were mixed. The Collective for a Quebec Without Poverty (*Collectif pour un Québec sans pauvreté*), the social movement at the origins of Bill 112, was to some extent positive. It welcomed what it called a "worthy effort" marred by "serious omissions." Many commentators in the Quebec media appeared more skeptical, and deplored a populist approach at odds with the government's conservative electoral platform and focused too exclusively, in their opinion, on the poor, at the expense of the middle class. Still others saw the new plan as a genuine step forward, a progressive innovation that would set Quebec social policies further apart in North America.

¹ Ministère de l'Emploi, de la Solidarité sociale et de la Famille, *Concilier liberté et justice sociale : un défi pour l'avenir; Plan d'action gouvernemental en matière de lutte contre la pauvreté et l'exclusion sociale*, Québec, Gouvernement du Québec, April 2004 (www.messf.gouv.qc.ca).

² See: Alain Noël, *A Law Against Poverty: Quebec's New Approach to Combating Poverty and Social Exclusion*, CPRN Background Paper, Family Network, December 2002 (www.cprn.org).

There is no doubt that the new approach presented by the Quebec government is innovative, both in terms of previous Quebec policies and in a broader comparative context. It is also genuinely redistributive, and it will help improve the situation of many low-income households. At the same time, this approach leaves aside many key aspects of the law against poverty and social exclusion, those related to collective action and citizen empowerment in particular. Its focus on income support and work incentives also evokes, in many ways, similar policies pursued elsewhere in English-speaking countries.³ As is often the case with social policy, the devil (or god) is in the details.

The purpose of this paper is to present a first assessment of Quebec's new plan, in light of the objectives expressed in Bill 112, adopted as law in December 2002 and, more generally, as an approach to combat poverty and social exclusion. The paper begins with a brief overview of the plan itself, followed by a discussion of its main innovations and shortcomings. Then, the broader policy context is presented, to clarify the meaning and significance of an approach introduced by a centre-right government with little or no support from Quebec's main social movements. The conclusion draws lessons and raises questions for the coming years, in a broader comparative perspective.

Making Work Pay, Quebec Style

Quebec's plan against poverty and social exclusion is entitled "Reconciling Freedom and Social Justice: A Challenge for Tomorrow" (*Concilier liberté et justice sociale : un défi pour l'avenir*). This lofty title suggests that a major effort was made to reconcile the two core principles that, in a liberal society, stand in opposition to one another and shape most political debates and conflicts. In fact, the plan is a very pragmatic policy document, which does not even refer to its title. The text merely evokes, at the margins, the rather lame slogan of the government: "Shine among the Best."⁴

The real understanding that shapes this plan is anchored in the well-known idea of improving income support so as to make work pay and help families with children. Of course, there are numerous dimensions to the plan, not all related to this core idea, but income support for the working poor is at the heart of the proposal. Making work more rewarding through new incentives and benefits is "the fundamental principle of this action plan," explains Employment, Social Solidarity and Family Minister, Claude Béchar, in his preliminary message. This principle implies that new benefits must be directed toward the working poor. In the Quebec plan, it also leads to a critical recognition that coercion, penalties, or reducing social assistance benefits are not effective ways to help people move from welfare to employment.

³ See: Roxanne M. Pawlick and Sharon M. Stroick, *One Discourse, Three Dialects: Changing the Social Model in Australia, the United Kingdom, and the United States*, CPRN Social Architecture Papers, Research Report F|38, Family Network, January 2004; Gerard W. Boychuk, *The Canadian Social Model: The Logics of Policy Development*, CPRN Social Architecture Papers, Research Report F|36, Family Network, January 2004 (www.cprn.org).

⁴ It is unclear who the best are. See: Gouvernement du Québec, *Shine among the Best: The Government's Vision and Action Priorities*, Québec, Gouvernement du Québec, 2004 (www.briller.gouv.qc.ca/en).

The policy implications are numerous and very tangible. First, social assistance benefits are slightly enhanced and, more importantly, better protected. Second, better income incentives are created to facilitate the transition from welfare to work. Third, a new working income supplement is introduced to improve the economic situation of the working poor. Fourth, the minimum wage is increased. Fifth, a new, enhanced and universal family benefits program is introduced to support, in particular, the poorest families. With a few additional measures, which will be presented below, these policies entail a budgetary commitment of about 2.5 billion dollars over five years for the Quebec government.

Consider, first, social assistance benefits. Starting in January 2005, existing benefits will be fully or partially indexed to protect social assistance income against inflation. For recipients who are unable to work (“with a severely limited capacity for employment”), indexation will be complete, and the government will apply the rate used for personal income taxes. For those who are able to work (“without a limited capacity for employment”), the basic benefits will only be partially indexed (at half the indexation rate). The government argues this more limited indexation is justified by the improvements in the participation and work incentives that primarily benefit these persons. Assuming an inflation rate of 1.3% for 2005, the plan estimates the yearly gain from this measure at \$120 for a person unable to work, and at \$36 for a person able to work. The impact is certainly very modest, especially for those who are only partially indexed, but the recognition of the indexation principle is important.

More significantly, the plan also states that the income security law will be modified to protect 100% of a person’s basic benefits. Acknowledging that penalties and sanctions are ineffective, even detrimental, to those affected, the government favours trust and positive incentives as better ways to encourage participation and the transition to employment. Basic benefits will thus be protected against penalties, and will only be reduced in cases of fraud or debt reimbursement.⁵

Starting in January 2006, parents who receive social assistance benefits and are entitled to child support from a non-custodial parent will also be able to keep part of this child support (\$100 per month), in addition to their social assistance benefits. Along with indexation and the end of penalties, this child support measure contributes, in a modest way, to consolidating the income of persons receiving social assistance. These different measures also begin to treat social assistance income more or less like other personal incomes.

A second set of measures is intended to facilitate the transition from social assistance to the labour market. First, the allocation given to those who participate in a training or work integration measure will be increased from \$130 to \$150 per month (presumably in January 2005) and it will be adjusted regularly thereafter. Second, the plan claims that efforts will be made to improve the number of integration measures that can rapidly be offered to persons who are eligible. Third, the current rules determining the savings and assets a person receiving social assistance is allowed to keep will be revised to make it easier for poor persons to remain autonomous and undertake long-term projects, in particular in terms of housing, education, and employment. Many of these measures regarding labour market integration are no more than intentions. They are, nevertheless, consistent with a new orientation focusing on incentives and bridges rather than on penalties and exit from assistance.

⁵ The latter possibility, which is important in practice, still detracts from the principle of covering basic needs.

Third, and most significantly, a new working income supplement is created, to improve the situation of all the working poor, with or without children. This “Work Premium” is a refundable tax credit that will complement the working income of a significant proportion of Quebec households. A single person without children will see her working income increased by 7%, up to a maximum increment of \$511 (\$784 for a couple). A single-parent family will see a 30% increment, up to a maximum of \$2,190, and a couple with children will receive a 25% increment, to a maximum of \$2,800.

These work premiums are designed to improve the fit and coherence between social assistance, family benefits and income tax rules, so as to improve both equity and work incentives. Consider, for instance, the case of a couple with children. In the current social assistance regime, such a couple can earn up to \$3,600 without being penalized. Beyond that point, however, all additional incomes are lost, as social assistance benefits are reduced by the same amount. With the new regime, a 25% increment will be added to all work incomes above \$3,600, making it attractive for a couple on social assistance to pursue market incomes above this limit, even though social assistance benefits still fall by the same amount. A couple earning \$4,600, for instance, will lose \$1,000 in social assistance benefits, but will receive \$250 as a work premium. For this same couple, the increment reaches its maximum of \$2,800 when market incomes rise to \$14,800, precisely the level at which there would be no social assistance benefits left. Hence, at every income level, work pays. Beyond the social assistance threshold (\$14,800), the work increment remains, but it decreases gradually, at a reduction rate of 10% of the additional income.⁶ At \$42,800, there is no premium left. This is also the threshold at which child assistance payments begin to decrease.

Very simply, compared to the existing Parental Wage Assistance program (*APPORT; Aide aux parents pour leurs revenus de travail*), which is complex and has a low take-up rate, this new work premium should reach about 535,000 households, 200,000 with children and 335,000 without. The impact will be particularly important for young families. Indeed, more than half of the households eligible for the new premium are headed by young workers under 30 years of age, and three out of four by persons under 40. Assuming the premium will increase the work efforts of low-income households, the government estimates it will also reduce social assistance expenditures and increase tax revenues, for a net cost of \$0.60 for each dollar spent on the premiums.⁷

Fourth, the minimum wage is increased, from the then current \$7.30 an hour to \$7.45 as of May 1, 2004, and to \$7.60 in May 2005. These increases had already been announced and they remain very modest, given the low level of the current minimum wage.⁸ Still, by including them in its plan, the Quebec government acknowledges that wage increases for the lowest paid are a necessary component of an integrated approach to counter poverty and make work pay.

⁶ For a couple with children with an income of \$24,800, for instance, the work premium amounts to \$1,800. The formula is: $\$2,800 - ((\$24,800 - \$14,800) \times 10\%)$.

⁷ Ministère des Finances, *Budget 2004-2005: Reducing Income Tax*, Québec, Gouvernement du Québec, March 2004 (www.finances.gouv.qc.ca).

⁸ See: Christa Freiler, Laurel Rothman and Pedro Barata, *Pathways to Progress: Structural Solutions to Address Child Poverty*, Toronto, Campaign 2000, May 2004, pp. 42-46 (www.campaign2000.ca).

Finally, the new plan includes a restructured program of family benefits, which was announced in the 2004-2005 budget. The new program replaces one universal tax credit (the non-refundable tax credit for children), and two targeted measures (the Quebec family allowances and the tax reduction for families), and offers more support, in a more universal and simple fashion. Starting in January 2005, families with children will receive quarterly child assistance payments from the *Régie des rentes du Québec*. These payments will be universal, but more generous for families with lower incomes. The assistance will be higher for the first child, assuming it involves more costs for the family, and there will also be additional support for large families (four or more children) as well as for single-parent families. In 2005, for instance, child assistance for a couple will range from \$553 to \$2,000 for one child, from \$1,063 to \$3,000 for two children, from \$1,573 to \$4,000 for three children, and from \$2,083 to \$5,500 for four children (at the maximum level, the increments are \$1,000 per child after the first one, and \$1,500 per child after the third one). A single-parent family will receive additional assistance ranging from \$276 to \$700 a year (regardless of the number of children, already considered in the general assistance).

This new program raises family assistance expenditures by \$547 million – from \$1,487 million in 2004 to \$2,034 million in 2005 – and it will benefit most families. For families with incomes below \$35,000 a year, in particular, it represents a significant improvement that will add to the benefits associated with the work premium. The new child assistance program also corrects problems of equity associated with the current allowances and credits.

The best way to see how these five sets of income-related measures interact and change the situation of low-income households is to consider a few typical situations. Table 1 presents representative cases.

Three observations can be drawn from this table. First, all households benefit to some extent from the new measures, and no household loses. The gains may be very small, but one should recognize that, in recent years, in Canada and elsewhere, income support reforms have often implied net losses for at least some categories of households. The elimination of penalties also means that these situations entail more or less guaranteed incomes. Second, together, the work premium and child assistance benefits have a powerful impact on the income of households with children that have market incomes. A two-parent, two-children family with two minimum wage jobs, for instance, sees its disposable income increase by 23%, a gain of more than \$5,000. Young families with low market incomes are the primary beneficiaries of the Quebec government's new plan. Third, even though the plan insists on protecting the income of those who cannot enter the labour market, persons who have market incomes or participate in employment measures gain more from the proposed reforms than those who cannot work. This plan is indeed a plan to make work pay, for young families in particular.

Table 1. Impact of Quebec's New Income Support Measures on the 2005 Disposable Income of Various Types of Low-Income Households

	Current Disposable Income 2004	Indexation of Social Assistance Benefits	Higher Participation Allocation	Work Premium	Higher Minimum Wage	Child Assistance	New Disposable Income 2005	Total Impact
Not Able to Work								
(no market income)								
Single person	9,911	123	0	0	0	0	10,034	123
Single-parent family (one child)	15,094	120	0	0	0	775	15,989	895
Couple (two children)	21,964	180	0	0	0	1,750	23,894	1,930
Able to Work								
(no market income/no participation)								
Single person	6,893	36	0	0	0	0	6,929	36
Single-parent family (one child)	12,118	36	0	0	0	775	12,929	811
Couple (two children)	17,860	60	0	0	0	1,750	19,670	1,810
Able to Work								
(no market income/participation)								
Single person	8,453	36	240	0	0	0	8,729	276
Single-parent family (one child)	13,678	36	240	0	0	775	14,729	1,051
Couple (two children)	20,980	60	480	0	0	1,750	23,458	2,478
Able to Work								
(with maximum market incomes, at social assistance threshold)								
Single person	9,643	37	0	504	0	0	10,184	541
Single-parent family (one child)	14,818	36	0	2,156	0	775	17,785	2,967
Couple (two children)	21,760	60	0	2,760	0	1,750	26,330	4,570
Working								
(Minimum wage, full time)								
Single person	13,335	0	0	21	367	0	13,723	388
Single-parent family (one child)	19,483	0	0	1,700	403	502	22,088	2,605
Couple (two children)	21,760	60	0	2,750	470	1,750	26,790	5,030

Source: Adapted from Ministère de l'Emploi, de la Solidarité sociale et de la Famille, *Concilier liberté et justice sociale*, p. 31.

The gains in income support may be made, however, at the expense of other dimensions of state intervention. The plan, for instance, stresses the importance of intervening early and of offering participation measures to most persons able to work, focusing on those most likely to be affected by poverty (young families, older workers, persons with severely limited capacity for employment, recent immigrants). It does not provide additional resources for such measures, however, and merely suggests that new funds could come from federal labour market programs. The plan does not even recognize that there has been, for many years, a serious shortage of participation measures. Active labour market programs are favoured, but little is done to confront the limitations of past and current policies in this respect.⁹

Likewise, the questions raised by Quebec's drugs insurance program, which imposes premiums and co-payments that poor persons have difficulty paying, are left unanswered, to be considered in a later comprehensive policy review. With respect to housing, on the other hand, new investments have been announced for the construction of additional low-rent or affordable units. These investments, however, remain relatively modest. A series of preventive measures aimed at children and the young have also been announced, but many of these still appear ill-defined or experimental in nature.

Finally, what could be called the collective and evaluative dimension of Bill 112 is basically left aside. The plan states explicitly that, contrary to the law, there will not be a consultative committee nor an observatory to monitor the situation, listen to the stakeholders, and make recommendations along the way. It also does not set specific social objectives for the coming years, nor does it introduce strong mechanisms to guarantee the government will evaluate all relevant interventions in terms of their impact on poverty. Once again, the focus is not on services, social networks, or coordinated collective action, but rather on the disposable incomes of persons and households in situations of poverty.

A Worthy Effort, with Serious Omissions

The different measures associated with Quebec's new plan against poverty and social exclusion were announced in two steps, with a somewhat different message at each step. First, the plan's major income-related innovations were made public with the 2004-2005 budget, presented by Finance Minister Yves Séguin on March 30. The budget speech did mention the obligations created by Bill 112, but it presented the new Work Premium and the new Child Assistance program primarily as tax reduction measures. A few days later, on April 2, the Minister for Employment, Social Solidarity and the Family, Claude Béchar, released the government's plan against poverty and social exclusion, a plan that was solidly anchored in the new measures announced in the budget, but that also stressed the end of penalties and a new, more comprehensive and positive philosophy.

Yves Séguin's tax reduction message was not an easy sell. Most commentators argued that transfers targeted at the poor and at young families were not really tax reduction measures, since they were expenditures and not tax cuts, and benefited the poorest households who paid no taxes, rather than those at higher income levels, who paid taxes and expected more from a government

⁹ Similarly, the plan does not address directly the problem of unemployment, nor does it discuss the risk that income support programs could encourage the further development of low-paying jobs.

that was elected with a tax-reduction platform. Even Premier Jean Charest conceded, a few days later, that these new measures truly could not be understood as tax cuts.¹⁰

When the Béchard plan against poverty and social exclusion came out, however, reactions proved more positive. Presented as transfers aimed at making work pay and supporting young families, the same measures appeared in a more positive light, and this perception was reinforced by the relatively positive reaction of the various anti-poverty organizations. The Collective for a Quebec Without Poverty, in particular, acknowledged that the government had made a worthy effort, which deserved to be assessed carefully.

Before turning to the Collective's evaluation, it is worth pondering for a minute the controversy over Yves Séguin's tax reduction message. In a sense, it is true that the minister's message was disingenuous, because the measures he announced were obviously not what Liberal militants and voters had in mind when they supported a tax reduction program, and he knew it. In a more fundamental sense, however, the Minister of Finance was right. First, in a fiscal environment defined by a complex array of transfers, taxes, fees, credits and exemptions, a sharp distinction between a transfer and a tax reduction makes almost no sense. The notion of "tax expenditures," for instance, more or less describes selective tax reductions aimed at encouraging given behaviours as expenditures or transfers. From this perspective, an enhanced transfer can indeed be understood as a tax reduction. The end result is the same: some citizens have more disposable income than before. Second, contrary to what is often asserted, there are no citizens who do not pay taxes. Some may not pay income taxes directly, but they still pay sales taxes, property taxes, payroll taxes and various fees, as well as income and other indirect taxes through their purchases. In fact, when all forms of taxation are considered, the poor may well pay as much if not more taxes as the rich.¹¹ If this is true, a transfer, even to someone who pays no income taxes directly, can also be understood as a form of tax reduction.

In this respect, Quebec's new plan against poverty and social exclusion is something of a breakthrough. Indeed, the plan takes a comprehensive view of "Quebec's fiscal regime," and states explicitly that the social assistance program and the personal income tax regime are "the two main components of Quebec's income redistribution system."¹² For many years now, the Collective for a Quebec Without Poverty has argued for a comprehensive understanding of the fiscal regime, encompassing citizens at all levels of income, whatever the source of their income. Quebec's new plan moves in this direction, albeit timidly and, in itself, this move represents an important progress.

In its own analysis of the plan, made public on May 10, the Collective underlines this advance, which brings redistributive and fiscal policies closer to the integrated perspective it has promoted

¹⁰ Denis Lessard, "Charest admet que les baisses d'impôt promises ne sont pas au rendez-vous," *La Presse*, April 6, 2004, p. A4.

¹¹ Arndt Vermaeten, W. Irwin Gillespie, and Frank Vermaeten, "Who Paid the Taxes in Canada, 1951-1988?," *Canadian Public Policy*, Vol. 21, No. 3, September 1995, pp. 317-343.

¹² My translation; Ministère de l'Emploi, de la Solidarité sociale et de la Famille, *Concilier liberté et justice sociale*, pp. 26 and 39.

actively.¹³ The Collective also commends the Plan for devoting new financial resources to improving the income of many low-income households, for creating a more universal and generous child assistance program, and for leaving behind the ubiquitous logic of penalties and workfare. At the same time, the Collective deplors the poor protection given to persons without children who are deemed able to work (whose benefits are not even fully indexed), the limited improvements in the minimum wage and in working conditions more generally, and the lack of genuine commitments regarding training and work measures. The Collective also denounces the failure to act on drug insurance costs, the lack of clear poverty reduction objectives, and the absence of evaluative tools and citizen engagement institutions. The Collective regrets as well what it calls the “*mañana* effect” that mars the entire plan; indeed, nothing will change until 2005.

Quebec’s new plan, argues the Collective, will improve the income of many households, but it fails in many respects and only partially fulfills the obligations expressed in Bill 112, the law against poverty and social exclusion. Income support programs are better integrated and the counterproductive logic of penalties has been set aside, but important contradictions remain. The focus on work, for instance, is not accompanied by a thorough examination of labour market conditions or by new investment in participation measures. More generally, the comprehensive and long run approach put forward in Bill 112 tends to be sidestepped, in favour of short run, largely individual measures.

What are we to make of these tensions and contradictions? More generally, how can we explain that a centre-right government, bent on curtailing state spending and reducing taxes, started its mandate with innovative redistribution measures in favour of poor families? Obviously, Quebec’s law against poverty and social exclusion played a role, as did the pressure exerted by the Collective for a Quebec Without Poverty and by other social movements. The law and the pressure, however, did not dictate a specific outcome. In fact, most observers expected a less ambitious approach. It is not possible, in a brief paper written so soon after the fact, to retrace with certainty how events unfolded. A brief survey of the process can, nevertheless, be instructive, and useful in pondering future possibilities.

When Finance Combats Poverty

On May, 15, 2004, on the occasion of the Quebec Liberal Party Spring General Council, an internal committee presented a thorough assessment of the government’s record in light of the party’s electoral platform. The Liberal government, the committee argued in its most pointed criticism, has not respected its promise to reduce income taxes and it cannot claim truly that the new work premium or child assistance programs contribute to this objective.¹⁴ Premier Charest reaffirmed the view that these programs could be seen truly as tax reduction measures, but he also promised to move ahead with more conventional tax reduction measures in future budgets.¹⁵

¹³ Collectif pour un Québec sans pauvreté, *Analyse du Plan d’action requis par la Loi visant à lutter contre la pauvreté et l’exclusion sociale*, Québec, Collectif pour un Québec sans pauvreté, May 10, 2004 (www.pauvrete.qc.ca).

¹⁴ Gilles Normand, “Blâmé pour ne pas avoir respecté l’engagement de réduire les impôts : le gouvernement Charest rappelé à l’ordre par le PLQ!,” *La Presse*, May 16, 2004, p. A1; Robert Dubé, “Allocution du Président du Comité du suivi au Conseil général de mai 2004,” Montreal, Quebec Liberal Party (www.plq.org).

¹⁵ Tommy Chouinard, “Conseil général du Parti libéral du Québec : Charest promet des réductions d’impôt de cinq milliards,” *Le Devoir*, May 17, 2004, p. A4.

What happened? What brought a party committed to reducing the role of the state and cutting income taxes to adopt redistributive measures in favour of young families, more or less against the preferences of its own militants? One could point to the party's electoral platform, which did put forward the necessity of making work pay and supporting young families.¹⁶ This commitment, however, was never in the forefront, and it remained vague enough to be interpreted in a minimalist fashion. More significant were the general goals adopted in the government's first months in power, which did not point in this direction.

When he assumed power in April 2003, Jean Charest announced that it was time for a new, radically different approach in Quebec. We have reached the "end of a model," he explained, and we need to rethink the role of a state that cannot continue to tax everything and intervene everywhere. Interest groups who benefit from the status quo will resist, he also said, but the common good must prevail over corporatist interests. Changing will require "courage," but no policy sector can be left unchallenged.¹⁷ The agenda was set for a turn to the right, in a society with strong social movements and predominantly liberal or social-democratic values.

The first draft of the Plan to combat poverty and social exclusion, which was leaked to *Le Devoir* in November 2003, was in tune with this conservative agenda. The draft, which was already overdue and demanded by the Collective for a Quebec Without Poverty, opened with a statement that it was time to change the "messages underlying our social and economic safety net" in order to encourage new forms of local initiatives and partnerships so that "all actors assume their responsibilities."¹⁸ There was much in this draft that was in continuity with the past and respectful of the spirit of the new law against poverty and social exclusion. The document, however, said very little about income redistribution, and underlined instead a person's obligation to return to work as soon as possible. Far from breaking with the logic of penalties, the draft plan insisted on the importance of applying the existing sanctions more systematically. It also proposed a \$50 a month cut in benefits after 12 months for all future able-to-work social assistance beneficiaries, unless they participated in a training or work program. Such a cut would apply to all, even those following the rules and expressing a willingness to participate in an employment program. It was intended to send "a clear signal" that social assistance remains "a temporary help for persons without severe employment constraints."¹⁹

This draft plan proposed a very restrictive understanding of Bill 112, contrary in fact to the spirit of the law, and it was almost unanimously denounced.²⁰ The opposition to the plan proved especially powerful because it coincided with what was already a difficult time for the government.

¹⁶ Quebec Liberal Party, *Real Measures for Quebec Families: Priority Political Actions for Quebec Families*, Working Document, Montreal, Quebec Liberal Party, March 2003 (www.plq.org).

¹⁷ My translation; Jean Charest, "Discours à l'occasion de l'inauguration de la 37^{ème} législature," Quebec, June 4, 2003; and "Lettre ouverte aux Québécois," October 13, 2003 (www.premier.gouv.qc.ca). Lia Lévesque, "Charest promet d'avoir le courage que d'autres n'ont pas eu," *La Presse*, November 23, 2003, p. A4.

¹⁸ My translation; Ministère de l'Emploi, de la Solidarité sociale et de la Famille, *Ensemble, pour un Québec solidaire : Plan d'action gouvernemental en matière de lutte contre la pauvreté et l'exclusion sociale*, 2003-2008, Québec, Gouvernement du Québec, October 8, 2003, p. 2 (this document never became official; it remained a confidential draft, but circulated widely in Quebec in November 2003).

¹⁹ My translation; *Ibid.*, p. 27.

²⁰ Kathleen Lévesque and Tommy Chouinard, "Plan d'action de lutte contre la pauvreté – Une véritable trahison," *Le Devoir*, November 11, 2003, p. A1.

When he was elected, Jean Charest assumed he had to make his most difficult and unpopular decisions in his first year in office. He also talked and acted as if he could reproduce the strategy that Mike Harris had adopted in Ontario in 1995, and demonstrate his strength in a confrontation with Quebec's trade unions and social movements.²¹ Budget cuts were announced in most sectors except health and education, new administrative approaches emphasizing public-private partnerships were promised, daycare fees were increased from \$5 to \$7 a day, regional consultation mechanisms were restructured at the expense of public interest participants, a more restrictive and punitive management of social assistance was initiated, mechanisms to undo municipal mergers were introduced, and labour laws were changed against the strong opposition of trade unions. The government's approach was denounced from many sides and, in a society where trade unions and social movements remain strong and legitimate, the government's popularity fell rapidly.²²

As 2004 began, less than a year after the election, support for the Charest government had dropped by ten percentage points – from 46% in April 2003 to 36% in January 2004 (against 43% for the Parti québécois) – and almost two-thirds of Quebecers (63%) declared they were unsatisfied or very unsatisfied with the government.²³ Senior pollsters confessed that they had never seen a new government experience such a rapid and dramatic drop in public support.²⁴ Meanwhile, trade unions and social groups were winning the battle for public opinion, with 50% of popular support, against 41% for the government.²⁵

All experts and observers agreed that the government had to make changes, avoid unnecessary legislative controversies, consult more and better, and bring forward some good news. In this context, the spring 2004 budget and the Plan against poverty and social exclusion offered important opportunities.

Consider first the 2004-2005 budget, in which all the new financial anti-poverty measures were announced. While it is not possible to retrace precisely the decision process, one should note that polls already favoured the type of approach adopted in this budget. Indeed, a January poll indicated that no more than 11% of Quebecers thought that tax reduction should be the top priority of the government. Health care, unsurprisingly, was the priority for 56% of respondents. More interestingly, almost a third of the population (31%) made the combat against poverty their main priority, even above health care and tax reductions.²⁶ The Minister of Finance, Yves Séguin, an ambitious, centrist, and populist politician who likes to present himself as a sort of reasonable Robin Hood, was himself very favourable to an approach that would allow the government to distribute checks to a large number of households. In a context where the right

²¹ Robert Dutrisac, "Charest souffle le chaud et le froid : malgré le manque d'argent, le gouvernement maintient le cap sur les baisses d'impôt," *Le Devoir*, December 20, 2003, p. B1; Michel David, "L'exemple de Harris," *Le Devoir*, December 20, 2003, p. B3.

²² Tommy Chouinard, "Le Québec à l'heure de la 'réingénierie,'" *Le Devoir*, December 27, 2003, p. B1.

²³ Pascale Breton, "Sondage CROP – *La Presse* : La grogne s'amplifie envers le gouvernement Charest," *La Presse*, January 29, 2004, p. A4.

²⁴ Denis Lessard, "Jean Charest : briser l'isolement," *La Presse*, April 18, 2004, p. Plus4.

²⁵ Tommy Chouinard, "Sondage Léger Marketing – *Le Devoir* – CKAC – *The Globe and Mail* : les Québécois regrettent leur choix," *Le Devoir*, January 24, 2004, p. A3.

²⁶ *Ibid.*

turn announced by the government seemed to be faltering, income support for low-income and middle-income families appeared politically promising.

This approach also provided a tangible foundation for the plan against poverty and social exclusion, a plan which was overdue and for which there were few administrative and financial resources available. The core contribution of the plan, then, was to cast these new measures in a broader framework, which would also include an end to the logic of penalties. This latter decision was not a necessary corollary of the new income support measures. These could have been introduced without the elimination of penalties for non-participation. It is plausible, however, that the same need to reduce popular opposition and to shore up public support influenced the drafting of the plan. Given the lack of important innovations in terms of services and institutions, ending penalties also made it possible to present the plan as something more than a simple reiteration of the 2004-2005 budget. Last but not least, an internal study had just established that reinforced penalties were not an effective way to promote an exit from social assistance.²⁷

The Ministry of Finance, then, probably took the lead in defining the content of the plan to combat poverty and social exclusion, in a context where something had to be done to shore up public support for the government. Because of this, the emphasis was on income support measures reaching all low-income households, with a strong bias in favour of those who work and have children. In this respect, the Quebec plan is much like many of the programs adopted in recent years in English-speaking countries. As is often the case in politics, a fairly well-known solution was applied to a perennial problem only when the political context made it possible and advantageous to do so.²⁸ This context, however, made a difference. First, it helped move Quebec away from the logic of penalties, still very strong in comparable nations. Second, the law to combat poverty and social exclusion and the Collective for a Quebec Without Poverty left their mark: the notion of an integrated fiscal regime has now moved to centre stage, and the Quebec government is beginning to use it to structure and promote its tax and transfer programs.

This sequence of events also engendered important drawbacks. First, as mentioned above, many persons in situations of poverty – in fact, the poorest – will benefit little from the new plan and many issues have been left unaddressed. Second, the fact that the main changes came via a budget also means that they remain basically one-shot innovations. There are no long-term objectives, no planned follow-up for other types of households, and no evaluative or collaborative structures to set in motion future developments. Further changes will occur, presumably, if social and political pressure is maintained and if other windows of opportunity open.

²⁷ Kathleen Lévesque, “Résultats décevants d’un autre programme d’Emploi-Québec,” *Le Devoir*, February 26, 2004, p. A3. More broadly, this is also the conclusion that can be reached from an examination of the various national experiences with penalties. See: Pascale Dufour, Gérard Boismenu and Alain Noël, *L’aide au conditionnel : la contrepartie dans les mesures envers les sans-emploi en Europe et en Amérique du Nord*, Montréal and Bruxelles, Presses de l’Université de Montréal and PIE-Peter Lang, 2003.

²⁸ John W. Kingdon, *Agendas, Alternatives, and Public Policies*, Second Edition, New York, Longman, 2003, pp. 172-173.

Conclusion

Without a law against poverty and social exclusion and without a strong social movement pushing for the implementation of this law, the changes introduced with Quebec's 2004-2005 budget and 2004 Plan with respect to poverty and social exclusion would not have taken place. In and of themselves, these changes are progressive and helpful for a large number of low-income households. In line with the broad international tendency to try to make work pay and better support low-income families, these changes situate Quebec advantageously among the societies that have made an effort to design improved income support instruments that are better adapted to the challenge of post-industrial labour markets and changing family forms. By breaking to a large extent with the logic of penalties and workfare, the Quebec government is also faithful to the spirit of Bill 112 and it places itself among the countries that are seeking more effective means to support the transition from social assistance to the labour market.

The new plan, however, also bears the imprint of a centre-right government that places little faith in redistribution in favour of single persons who cannot or do not work, in public services, and in citizen engagement. It does little for non-working, single persons, it is accompanied by budgetary cuts in the very services that are supposed to help the unemployed reintegrate into the labour market, and it offers no evaluation or development perspectives for the future. The plan also remains, more or less, a one-time affair, with no commitment to go further, and no mechanisms to engender such commitments along the way.

In combating poverty, argues European sociologist Gøsta Esping-Andersen, governments must pursue a double strategy. They must improve labour market rules and income support measures so as to make work available and rewarding, for young women in particular (the cash strategy). They must also develop public services on a universal basis, to neutralize as much as possible inherited social disadvantages (the servicing strategy).²⁹ Governments should also, in my opinion, design policies so as to encourage citizen engagement, collective action, and social evaluation (what could be called the democratic strategy).³⁰ Quebec's recent policies, and Bill 112 in particular, have tended to encompass these three strategies, at least in principle.³¹ For a conservative government, however, moving on the cash strategy, possibly at the expense of the other two strategies, appeared easier and more natural. Progress has been made, but it remains incomplete.

For the time being, it is probably good to praise an effort that was not expected and that appears, in many ways, well intentioned and valuable. From now on, however, the combat will have to continue, not only against poverty and social exclusion, but also against prejudices and a perennial lack of vision. For this, the best guarantee remains the vigilance and the strength of public interest organizations that have proved, in recent years, remarkably able to seize the initiative and define the political agenda.

²⁹ Gøsta Esping-Andersen, "A Child-Centred Social Investment Strategy," in G. Esping-Andersen, Duncan Gallie, Anton Hemerijck and John Myles (eds.), *Why We Need a New Welfare State*, Oxford, Oxford University Press, 2002, pp. 26-67; Gøsta Esping-Andersen, "Against Social Inheritance," in Anthony Giddens (ed.), *The Progressive Manifesto: New Ideas for the Centre-Left*, Cambridge, Polity Press, 2003, pp. 97-119.

³⁰ See: Alain Noël and Claude Martin, "La démocratisation du social," *Lien social et politiques*, 48, Fall 2002, pp. 5-15.

³¹ See: Pierre-Joseph Ulysse and Frédéric Lesemann, *Citoyenneté et pauvreté : politiques, pratiques et stratégies d'insertion en emploi et de lutte contre la pauvreté*, Québec, Presses de l'Université du Québec, 2004.