

Asset-building Approaches and the Search for a New Social Policy Architecture in Canada

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Abstract

Many social policy experts are asking whether some fundamental renovations need to be made to our approach to welfare policy in order to meet new-century challenges. This chapter explores some of these “new century” challenges, reflects on the capacity of our current architecture to address them, and examines the potential of asset-building approaches to effect welfare re-design.

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Introduction

Canada’s social policy architecture, like the demographic group it was built to serve, is showing its age. The legacy of the post-war social welfare state for Canadians has been remarkable and its achievements are, justifiably, a source of pride for many; but times have changed. While the architecture of the post-war welfare state has done its best to keep pace, many social policy experts are now asking whether the existing architecture has the capacity to adapt further to meet the needs of Canadians in a new century, or whether some fundamental renovations are in order. This chapter explores some of these stresses and strains, reflects on the capacity of our current architecture to address them, and explores the promise of some new approaches, notably asset-building, for welfare re-design in Canada.

The chapter has four parts. Part I provides a brief review of the major ideas and assumptions underpinning our post-war welfare programs. Part II explores key dimensions of six “new century” stresses and probes whether our current social policy architecture will be able to engage these stresses effectively. Part III considers how the asset-building approach might help in addressing the new century stresses. The concluding section reflects on how some of the key ideas underlying an asset-based approach could, more generally, change our thinking on welfare policy.

I. Canada's Post-War Social Policy Architecture: Social Rights and the Entitlement State

Much has been written on Canada's post-war social welfare state and the key ideas and objectives that underpin it (see Policy Options, Fall 2004. See also Banting, Battle, Jenson, Boychuk). The basic design of the welfare state can be traced to the Marsh Report of 1943 which provided recommendations to the Government of Canada on social policies and programs for the post-war reconstruction economy (Marsh Report, 1943). In his report, Leonard Marsh proposed a system of income security that was radically different from what existed previously. In fact, Dennis Guest suggests that Marsh literally proposed to "sweep away" the 19th century notion of social welfare (Maioni, p. 21), by suggesting that poverty would be eradicated with a four-pronged strategy for government expenditure, which featured: insurance systems to protect income between employment; public assistance for those facing long-term unemployment; family allowance to assist families with the costs of raising children; and pensions for old age, permanent disability, and widows and orphans.

Two premises underlie this vision: first, that poverty was about not having enough income to meet life's basic necessities, and second, while jobs were the best insurance against poverty, citizens had a right to expect government to provide an adequate safety net of last resort. As Antonia Maioni observed, "Marsh believed that government should be responsible for constructing a postwar social order in which the responsibility of physical security would give way to an essential role in the provision of social security." (Maioni, 2004, p. 21).

Importantly, however, this social security came predominantly in the form of income support designed to meet the immediate needs of the unemployed. As Jane Jenson has noted:

Canada never went as far as those European countries that were building generous welfare states to cushion citizens from many of the effects of market society. Canadians chose to define several key social rights of citizenship as safety nets, rather than seeking to promote greater equality of condition or actively structure labour markets. (Jenson, January 2004, p. 4)

As we shall see later in this chapter, conceiving social rights primarily in terms of passive, last-resort income support continued to dominate thinking on poverty eradication for decades. Canada was a relative late-comer to the idea of the social investment state, which took hold earlier in Europe, where poverty eradication programs were a more robust blend of developing people's future potential as well as meeting their immediate needs.

As to the content of our post-war programs, it should come as no surprise that this was heavily influenced by the social and economic realities of post-war Canada; in fact, post-war income support programs were designed to address the realities of their time. Three realities of the typical household were especially relevant. First, there was a booming economy where, with the help of re-integration programs for veterans, a bounty of jobs

matched the available skill set. Second, one full-time income was sufficient to raise a family. And third, mothers were available to provide full-time care-giving responsibilities in the home. (See Jenson, January 2004, p.5 for a chart on leading social indicators that informed the post-war welfare programs.)

Not surprisingly, as the big social indicators began to change, the policies and programs of the post-war period came under enormous stress and bigger holes began to emerge in the basic mesh of the safety net.

This is not to suggest that there have been no changes in our post-war welfare state programs. However, in a recent work for the research series on Canada's social architecture by the Canadian Policy Research Networks (Jenson, 2004), Gerard Boychuk looked for shifts in, what he calls, "the policy logics of our major social programs." Analyzing reforms over a sixty year period from the perspective of four basic logics (universalism, social insurance, social inclusion, and social cohesion), he found evidence of significant adaptation and shift, but concludes that "these shifts have not fundamentally displaced the basic logic of existing programs or the broader cast of the social architecture." (Boychuk, vii).

Overall, while programs and policies have been reformed in response to new realities and new priorities, many now wonder whether 60 years of what Ken Battle has called the "relentless incrementalism" of reform (Battle, 2001) may have run its course. If so, it may well be time to re-visit at least some of the basic premises of the post-war policies.

II. New Challenges for Social Welfare in Canada

As noted above, the post-war architecture for social security was designed to address the key issues of the reconstruction full-employment economy. The two key building blocks of that architecture were a commitment to provide a safety net from destitution, and support for the many thousands of new families with children. Sixty years later, the question is does this architecture equip us to meet the key challenges we are likely to face in the future?

Before answering this question it is first necessary to examine what the future challenges may be. Although several experts (Jenson, (September 2004), Battle and Torjman (2002), Courchene (2001), "New Century:New Risks (2004), Hicks (2002)) have constructed their own separate lists of key future challenges, there is great comparability in the core. My own list includes six key challenges which are reviewed briefly below.

1. Childhood Development

There is resounding agreement on the need to continue investing in the critical early years of child development. The federal-provincial-territorial (F/P/T) agreement in 1998 on a National Child Benefit (NCB) in 1998 was a major breakthrough in social policy thinking. Guaranteeing that income support for children would be unaffected as parents moved from welfare to low-paid work, the NCB aimed to remove a significant financial

disincentive for many welfare parents to join the paid work force. Fast on the heels of the NCB agreement came another F/P/T initiative on Early Childhood Development (ECD). In contrast to the NCB's focus on income support in the here and now, the ECD program focused on investments that could improve the child's future, arguably bringing us closer to the European tradition of social investment. In this way, it too was a major breakthrough for social security spending in Canada.

Having said this, the ECD agreement promotes what may be termed "immediate consumption" social services – services that achieve results in a relatively immediate, early-childhood, time frame. The four areas for expenditure identified in the agreement all operate in this context: promoting healthy pregnancy, birth, and infancy; improving parenting and family supports; strengthening early childhood development, learning, and care; and strengthening community supports. This is also reflected in the ECD-funded programs that have the pre-school focus of getting children off to the best start in life and ready to learn as they enter the public school education system (Government of Canada Reports, 2003-04, February, 2005).

The ECD Agreement has a laudatory and important objective which I do not wish to detract from. My point is simply that our current array of major federal/ provincial/ territorial instruments (the NCB and ECD) biases us toward combating child poverty and creating opportunity through the logic of consumption policies rather than through logics of longer-term investment. In this regard, as we shall discuss later in this chapter, the recent changes to the Canada Education Savings Grants and the introduction of the Canada Learning Bond (which aim to build financial assets in the early years for later, rather than for immediate, consumption) may provide the next generation of breakthrough thinking on what additional measures are needed to get children off to the best start in life.

2. *Low-Paid Work*

Leading policy experts increasingly recognize low-paid work as the Achilles heel of our social security system for working-age adults. (See, Jackson and Robinson (2000), Battle and Torjman (2001), Jenson (September, 2004), Saunders (2005).) It is evident that the basic premise of the post-war welfare state – namely, that full-time employment is the best ticket out of poverty – rings hollow for many workers who are stuck in low-wage jobs.

One in six of full-time workers in Canada are in low-wage work that pays less than ten dollars an hour – two-thirds are women and one-third are the sole income earners in the family (Saunders, 2005). Furthermore, a high proportion of low-paid workers seem stuck there. Ron Saunders of the Canadian Policy Research Networks recently noted that the share of low-wage jobs (i.e. those earning less than ten dollars per hour in real 2001 dollars) has not fallen since 1982 (Saunders, 2005) and, on an individual basis, 47 per cent of those in low paid work in 1996 failed to move up by 2001 (Saunders, 2004). In addition, despite higher rates of employment, poor people are getting poorer as the gap between a minimum-wage salary and the LICO widens and the purchasing power of the minimum wage falls (Jenson, September, 2004; Battle, 2003). All of this adds up to a problem for a welfare system that declares success when a person leaves welfare for work.

While this may be a successful way to save money in the welfare program, it is surely not a sufficient policy for moving individuals out of poverty.

To address this issue two qualifications are in order: first, studies suggest that moving from welfare to work – even low-paid work – is an effective anti-poverty strategy for many welfare recipients (Hatfield, 2004); and second, many low-paid workers are not poor in the context of overall family income (Hicks, 2004; Saunders, 2005). That said, for the many that are stuck in low-paid work and for those who are the primary family breadwinner, our current array of programs is not proving an effective response.

3. *Care Giving: Balancing Work and Family*

One of the inevitable consequences of women's increased participation in the paid labour force has been the dramatic shift in the provision of care at home – care for young children, disabled family members, and aging parents.

The participation rate of women in the labour force has risen dramatically from 20.7 per cent in 1941 to 62.1 per cent in 2004 (Jane Jenson, January 2004, and Statistics Canada, CANSIM table 282-0002). Nearly two-thirds of married women with children under the age of six are in the labour force and seven out of every ten couples with children have both parents working (Vanier Institute of the Family, 2004). At the same time, institutional care for the disabled is less available and long wait lists persist for spaces in child care centres.

All of these factors increase the demands on family members to provide care directly and public policy is trying to respond to the demand. The list of recent care-related initiatives at the federal level is impressive and includes: a new F/P/T child care initiative that aims to increase parent's access to quality, universal, accessible child care geared to early childhood development; the extension of parental leave to one full year; the introduction of compassionate care leave provisions under the EI program; and increases in tax benefits to families providing care to a disabled family member. The provinces are also key players in this field, each with its own array of supports and services. Taken together, however, these multiple initiatives lack the coherence that a single policy framework could provide, and, as a result, major weaknesses in access and the adequacy of support remain.

4. *Persistent Poverty in At-Risk Groups*

Policy analysts have long known that "one-size-fits-all" approaches to tackling poverty do not benefit all citizens equally. Michael Hatfield's path-breaking research in the 1990s provided a new perspective on poverty in Canada (Hatfield, 2001). Using Statistics Canada data, Hatfield looked for patterns of persistent poverty which he defined as occurring when family income persists at levels below the LICO for at least five consecutive years (Hatfield, 2001, 2004). In his research he identified five groups most at-risk of becoming, and staying, stuck in this mould: Aboriginal Canadians living off reserves, persons with work-limiting disabilities, single parents, recently arrived immigrants, and unattached adults in their pre-retirement years (age 45-64). The analysis supported a

shift away from universal income support programs to ones specifically targeting the underlying causes of poverty for each of the five groups – for example, child-care services for single mothers, language training and settlement supports for immigrants, and social development and community programs for Aboriginal Canadians.

The tendency of post-war programs to base interventions on the “typical” household was also giving way to programs targeting sub-groups facing specific barriers in their efforts to leave poverty (See Williams, 2004; PRI, 2004). Still, budgetary spending on these targeted programs is minuscule compared to income support programs, and, more importantly, is declining as a total percentage of social spending.

5. *Work and Retirement*

The challenges in this area of work and retirement arise from the confluence of three or four major developments that are changing our understanding of aging, retirement, and productivity. The combination of an aging but healthy generation of baby-boomers, a declining birth rate, and a trend toward a shrinking number of years in the workforce threaten to bring the ratio of producers to consumers down to levels below what is needed to sustain our quality of life (See Hicks, 2002). This confluence of factors has led many social policy experts to focus on options to extend individuals’ attachment to the productive labour force – whether through legislating increases in the age of retirement, changing the incentives and attractiveness of delaying retirement, or promoting volunteering in productive ventures among retired people.

Other ideas move the focus beyond seniors and contemplate schemes to re-distribute work and leisure over the life course (Hicks, 2004) – a measure that could accommodate late entry of highly credentialed young people, with periods of leave in mid-career for care-giving or other personal objectives, with extending years of labour force attachment for older workers. However, these strategies represent a real departure from the assumptions of retirement that underlay the post-war work and pensions systems and, as reformers are discovering, cannot be easily achieved within the existing architecture.

6. *Skills and Learning for the Knowledge-Based Economy*

A sixth pressure on social policy in Canada arises from the challenge of matching human capital with the skills needed for competitiveness in a global knowledge economy. Canadian governments have been aware of this challenge for some time.

It is estimated that 70 per cent of all new jobs created in Canada require some form of post-secondary education (Knowledge Matters, p. 2). In some respects, Canada is well positioned to meet this need as we have the highest percentage of population continuing from secondary to post-secondary studies in the world (Knowledge Matters, p. 3). However, our post-secondary participation rates are stagnating while other countries’ rates continue to increase. No consensus exists on all of the reasons why this is the case, but questions of cost and access loom large in most analyses.

A second dimension of the human capital challenge relates to the need for re-skilling over an individual's working years. Increasingly, the skill set that launches a career is proving inadequate for sustaining it or, as is becoming increasingly common, for changing it. The traditional model, based on the life-cycle notion that one acquires a life time stock of knowledge and skills during the years spent in school and draws down on this capital over the work years, is proving to be an inadequate formula for meeting the needs of the knowledge economy. What is needed is a more continuous process for building up and drawing down a store of skills and training, or policies, for life-long learning.

These two challenges – ensuring access to post-secondary studies to gain the basic qualifications for work in the knowledge-based economy, and providing opportunities and supports for life-long learning – are proving hard to achieve in the current approach to learning in Canada.

III. Asset-Based Approaches and the New Challenges

If old ideas and approaches seem to be leaving us floundering, fortunately new approaches are emerging. Four developments illustrate the point and seem particularly noteworthy in this regard: the Policy Research Initiative's pioneering work to promote a "life-course" approach (PRI, 2004); CPRN and Jane Jenson offering new thinking on the need to focus on the responsibility mix of the key actors who contribute to individuals' well-being: governments, markets, communities and families (Jenson, 2004); Tom Courchene providing a new paradigm for human capital development inspired by his concern for Canada's economic competitiveness in the face of the global information revolution (Courchene, 2001); and SEDI, who is promoting asset-based approaches (Self-Sufficiency Conference, Coquitlam, 2004). Our focus is on one of these approaches – asset-building – and how it might be helpful in addressing the next generation of social policy issues in Canada.

The essence of the asset-building approach is to support individuals in accumulating assets during one period of their lives that can be used to smooth transitions or overcome barriers that arise during their lifetime. Most initiatives focus on building financial assets such as personal savings, but increasingly, they also include social and psychological assets such as a strong sense of membership in a community support network or a sense of personal self-confidence and resilience (Williams, 2003).

Three premises of asset-based approaches are especially relevant for understanding how this approach differs from our post-war social policy architecture. These premises are: investment, individual choice, and the mix of responsibilities. Asset-based approaches emphasize investment and future needs rather than consumption to meet immediate needs, which is the objective of our major welfare and income assistance programs. And, in contrast to programs such as EI and CPP where participation is compulsory, participation in asset-based approaches is typically voluntary – individuals decide whether and to what extent they will participate, often setting their own goals both in terms of how many assets they need and the purposes to which they will be put. In this sense, they involve considerably more individual choice than is evident in our current social policy

architecture. Finally, asset-building approaches imply a smaller role for governments than we are accustomed to in our social programs. Government's role is to enable and support personal savings, sometimes involving publicly funded financial incentives through matching grants or tax-benefits, but there is considerably more responsibility on the individual and potentially on the private and community sectors to have ownership stakes in how the assets are accumulated and used.

Although we are seeing more asset-based approaches emerging in social policies around the world, there is still much that needs to be learned about how and when to use them to best effect. In Canada, valuable evaluation work on these approaches is underway by the Social Research and Demonstration Corporation (in partnership with SEDI) which will help identify appropriate – and inappropriate – use of the instrument (SDRC, 2005). Even as this important evaluation work proceeds, however, it is important that we broaden our thinking about possible approaches to addressing social programs and imagine where alternative approaches could lead us. In that spirit, the next section of this chapter aims to stimulate thinking on the contribution that an asset-based approach could make to each of the six areas of “future challenge”, introduced in the previous section. Next, we summarize thematically how such applications could represent a new pillar in our social architecture thinking.

1. *Childhood Development*

As Michael Sherraden has written, “asset holding may make the most sense in the case of children” (Sherraden, 2003, p. 3) and practitioners in the UK and Canada appear to agree. Both countries have recently added significant new asset-building programs to their strategies for children. The reasons for focusing on young children seems obvious – asset-building takes time, and it follows that it is best begun early. Moreover, at least in Canada, the new savings benefit could build on elements of the existing program already in place to provide income benefits for children. That said, the addition of asset-based approaches to the Children's Agenda in Canada is a significant development in our thinking on early childhood development programs in at least two important respects: first, the focus on “investment” contrasts sharply with the consumption-oriented National Child Benefit and existing thrust in the Early Childhood Development programs; and second, although it begins as a universal benefit (i.e. all newborns are entitled to the same first instalment by government), this principle quickly shifts the choice to parents as they decide whether and how quickly to build the asset over time.

2. *Low-Paid Work*

Asset-based approaches seem to hold significant potential for addressing issues facing low-paid workers; however, they also have a number of potential pitfalls. On the positive side, evidence suggests that lump-sum financial benefits for low-paid workers (e.g. providing the US Earned Income Supplement as a once-annual lump-sum payment) enables low-income workers to jump-start asset acquisition in critical areas like homeownership, transportation, and education savings (Jackson, 2004).

The *learn\$ave* demonstration project in Canada and the US experience with Individual Development Accounts (IDAs) suggests that low-income workers who participate in these initiatives are often pleasantly surprised by their ability to save. However, sceptics raise a number of important concerns. Some oppose the horizontal shift in responsibility for adequate income from employers and governments to the individual, and others oppose the vertical inequities that result since low-income workers are clearly likely to be smaller savers than higher-income workers.

Asset-building approaches may provide an interesting opportunity to address another concern that has been raised with respect to low-paid workers. Recent data cautions us against assuming that low-wage workers are poor or are looking for higher paying jobs. Some are second-income earners in middle or higher income families who may be opting for part-time or casual work; others are students who, although they work for low wages today, have higher income prospects over their lifetime. There are some, however, that are stuck in low wages and are poor (see Saunders, 2005). An asset-based approach could be useful in sorting out this issue. For example, a voluntary asset-building scheme for low-wage workers could limit the uses of assets in such a way that non-poor low wage worker would self-select out of the scheme.

3. *Work vs. Retirement*

Through Registered Retirement Savings Plans, Registered Retirement Plans and Registered Pension Programs, asset-based approaches already occupy an important place in the retirement income system in Canada. These programs have been calculated to account for approximately one-third of the total retirement assets of Canadians (Shillington, 2003, p. 2). A question to reflect on, however, is what role these assets could play in addressing the policy challenge of the future – namely, how to keep older workers *in work*, as opposed to helping them to retire from it. We know that many older workers would continue working if it were possible to do some things differently. Grant Schellenberg and Cynthia Silver found that 30 per cent of recent retirees would have continued to do paid work if they could have reduced their work schedules without affecting their pension benefits, and that 28 per cent would have continued if part-time work had been an option (Schellenberg and Silver, 2004, p. 3). Registered Retirement Savings Plans (RRSP) already function in a way to support this option; for example, an individual can move from full-time to part-time work and make up the difference in salary by drawing down their RRSP savings. Promoting this option could enable a larger number of older workers to make the choice to stay in the labour force as part-time or self-employed workers. It would also mitigate one of the design limitations of the current RRSP system which, as Richard Shillington has pointed out, is a negative incentive for low-income earners who are simply displacing an entitlement to public pensions with privately accumulated savings (Shillington, 2003).

4. *Persistent Poverty in At-Risk Groups*

As suggested earlier in this chapter, the adult poverty challenge in Canada increasingly focuses on five specific groups: single parents, Aboriginal Canadians, new immigrants, people with work-related disabilities, and unattached individuals between the ages of 45 and 64. The question here is whether and how asset-based approaches could be used to break the cycle of persistent poverty which traps individuals in these groups.

There is widespread agreement among experts that income and social service supports remain critically important to assisting people in poverty to meet immediate consumption needs. Many of the cautions outlined above, in relation to asset-based approaches for low-paid workers, also apply in the case of groups in persistent poverty – most notably, whether it is realistic to think that poor people can save enough to make a difference in meeting their asset needs. Instead, it should invite us to reflect on the public policy implications for governments in two ways: first, by ensuring that traditional income benefits are adequate to fully meet consumption needs of the poor so that there are resources left over for saving, and second, to design government contributions to asset-building programs so that low-income participants get proportionately more benefits than higher income participants. Recent changes in programs such as the Canada Education Savings Grant are moving in this direction by providing a higher government matching rate for low-income participants. (*Budget 2004 introduced this change to take effect in 2005.*)

Asset-based approaches can be designed with the flexibility that enables participants to use their savings to address the specific barriers to participation that they may be facing. Ensuring this flexibility is especially important if these approaches are to be used to address the needs of the at-risk groups which face barriers quite specific to their circumstance. For example, single parents need help with child care; individuals with work-related disabilities need assistive technologies, and new immigrants have a wide array of settlement-related needs. This is also the conclusion reached in a recent work by Jennifer Robson-Haddow and Sam Ladner which examines various ways in which culturally appropriate and flexible asset-based approaches could more quickly narrow the wealth gap between new immigrants and the rest of the population in relation to recently arrived immigrants (*Robson-Haddow and Ladner, 2005*).

It should be noted that, in many instances, the missing asset among the persistently poor is not just money, nor even something that money can easily buy. Other deficits include: financial literacy or knowing how to manage savings, lower rates of personal self-esteem and confidence in one's ability to join the mainstream, and the sense of being an outsider in the community. While asset-building approaches focus primarily on the accumulation of financial assets, some researchers are advocating broader approaches that could address these non-financial barriers as well (*Williams, 2003*).

5. *Skills and Training for the Knowledge-Based Economy*

Asset-building approaches already exist to support education savings in Canada through tax-benefited Registered Education Savings Plans, the more recent Canada Education Savings Grant program, and the still-nascent Canada Learning Bond. As the Canada

Learning Bond initiative indicates, these programs can and have been tailored to provide additional benefits and incentives to low-income families. Savings in these programs can be used to help meet costs associated with full-time post-secondary studies. Clearly, when 70 per cent of new jobs are expected to require a minimum post-secondary study, these savings programs are an important element of our national strategy for competitiveness in a knowledge-based economy (Knowledge Matters, p.3). But the knowledge-based economy requires more from a skills and learning agenda (see Tom Courchene's analysis of this is *A State of Minds, Toward a Human Capital Future for Canadians*, for an excellent discussion of the kind of human capital strategy Canada will need for success in the globalized knowledge economy (2001)). We need to transform our approach to post-secondary learning.

To succeed in the knowledge-based economy, we need to make life-long learning informal as well as formal, in the workplace as well as on the campus, non-credit as well as for credit -- all things that the current savings programs do not adequately promote. Asset-based approaches, designed with appropriate flexibility to support a broader range of learning, might be an important tool in prompting this transformation in our skills and learning system. Importantly asset-building approaches in education that put power in the hands of the learner to choose new learning venues might help breakdown the stranglehold that formal learning institutions currently have on the learning agenda.

6. Care Giving

What might asset-building contribute to the care giving agenda? Several possibilities are worth exploring. As noted earlier in this chapter, the Marshian post-war welfare state was based on a separation of the public and private spheres. As Jane Jenson noted, post-war employers assumed that their workers would check their family lives at the door and do their work, unencumbered by whatever was going on at home (*Jenson, January 2004, p. 5*). This assumption is no longer the case as employers and governments have increasingly come to understand the importance of balancing work and family. Employers now understand how important this balance can be to productivity, employee health, and employee retention. If this is the case, then it would seem natural and appropriate to think of care giving responsibilities as being as valid as other parts of any employee's personal development plan. At present, however, government-funded asset-based programs such as the Registered Education Savings Plan and the Canada Education Savings Plan do not embrace this logic; instead, they implicitly treat human capital development (i.e. using savings for skills and training) as a more appropriate use of government-assisted personal savings than social capital development (i.e. including care giving and work-family balance). Broadening the eligible uses of savings accumulated under existing asset-based programs, and making these more progressive and accessible, to be used to take time off for care giving could be a relatively easy change to make.

An alternative approach, also in the asset-building tradition, might involve both employers and employees. For example, employees could build up assets in the form of leave entitlements as part of their benefits package, perhaps building on the provision of leave for "family-related responsibilities" currently found in many employment packages. This could be expanded considerably to provide extended periods of leave for care giving.

Conclusion

We have seen how an asset-based approach could be tagged on to existing social programs to have important consequences. Indeed, asset-based approaches are already built into our policy responses in areas such as education, retirement, and homeownership. We have identified more places where an asset-based approach could be incorporated into our current thinking. We have also identified some applications of asset-based approaches that would be bigger departures from current thinking and could cause us to revisit some of the basic assumptions underlying our approach to social well-being. In this concluding section, we reflect on three of the “big” ideas of asset-based thinking that could significantly re-orient our approaches to poverty.

One opportunity for transformative thinking in our approach to poverty comes with the shift in focus from consumption programs to investment programs. Michael Sherraden has suggested that asset-based approaches can move us “from the social welfare state to the social investment state” (*Sherraden, 2003*), shifting the focus of social spending from social protection to economic growth. They promote social well-being through improved economic well-being. This, in itself, is not new. The post-war welfare state understood that most well-being came from paid employment. But the asset approach differs – it focuses on enabling people not to get jobs, per se, but to improve their capability to be productive. In this sense, it is similar to the 1970s and 1980s transformation in labour market policies brought on by the shift in focus to active measures. Asset-building may well be the “active measures” equivalent for welfare policy that training and skills investments were for labour market policy in the 1970s and 1980s. Michael Sherraden suggests something similar when he writes:

Social policy appears likely to move beyond consumption support, aiming for greater social and economic development of households, communities, and the society and economy as a whole. An active social policy that promotes engagement is better suited to the post-industrial economy.
(*Sherraden, 2003, p. 1*)

A second opportunity for transformative thinking about social programs comes from marrying the focus on point-in-time income support with a key principle embedded in asset-based thinking, namely, assisting individuals to mitigate their risk of poverty by accumulating assets at particular times in their lives to be used at other times. This stock-and-flow view of well-being is entirely consistent with some of the innovative thinking on life-course analysis that is being developed in Canada (*PRI, August, 2004 and Hicks, 2002, section 4.4.*) It contrasts sharply with the life-stage and point-in-time focus found in much of our post-war thinking about poverty. It also opens the door for poverty strategies that are tailored to individual circumstances of poverty. In asset-based approaches, individuals make investment choices based on their own particular needs. The market responds by tailoring programs to individuals, not the other way around. This contrasts with the predominant thrust that is evident in many of today’s “big box” programs, where responsiveness to individual needs is often sacrificed to the goal of simply getting people off the public programs of EI or welfare.

A third important change that asset-based approaches bring to welfare thinking is the shift in responsibility and empowerment to the individual. To be sure, there is significant controversy over such a shift. Critics are right to warn that asset-based approaches can too easily be a convenient way for governments to cut safety net programs and to “privatize” poverty by implying that the poor have the resources to make their own choices between consumption and investment (see Jackson, 2004). For this reason, we must insist, as even the most ardent promoters of asset-building approaches do, that asset-based approaches to poverty be a complement to and not a replacement for basic income support programs. We must also insist that asset-based approaches to fight poverty come only if we know that the poor have a meaningful capacity to save. This means that we must first fix the problem of inadequate basic welfare benefits. Too often these programs lock people into poverty by first stripping them of their assets, and then putting them on income assistance programs that are inadequate to meet even the basic needs of food, shelter, and well-being. By contrast, an adult poverty strategy that combines measures to promote asset development with income assistance reforms that provide an adequate basic benefit could be the transformative approach that would enable the poor to finally leave poverty behind.

This discussion has identified some of the potential benefits of incorporating more asset-building logics into our social policy thinking. Much work is needed to better understand whether and how these potentials can be translated into reality in a Canadian context. As this work proceeds, we should also explore linkages between asset-building and some of the other transformative analytical frameworks gaining support in Canada that were noted earlier in the chapter. For example, we should explore synergies between asset-building approaches and life-course analysis, both of which emphasize a stock-and-flow approach to building up, storing, and drawing down resources over a lifetime. We should also explore synergies between asset-building and the CPRN well-being diamond, especially from the perspective of re-balancing the roles and responsibilities for social well-being between governments, markets, communities, and families.

Leonard Marsh’s legacy teaches us that big and sometimes disparate ideas, brought together into a single blueprint and given the room to grow and adapt to changing social conditions, can and have made a big difference for the well-being of Canadians. It’s an inspiring lesson that we would all do well to heed.

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