



# Engendrer la cohésion sociale Fostering Social Cohesion

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## To Market, to Market: Employability in the Liberal Investment State

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**TO MARKET, TO MARKET:  
EMPLOYABILITY IN THE LIBERAL INVESTMENT STATE**

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**This is a draft for discussion.**

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**Introduction**

“Investing in children” has become the slogan of the new social policy paradigm legitimating liberal welfare regimes at the start of the second millennium. In the name of our children’s futures as healthy, productive citizens, new policy discourse appears to revolve around children and family, leaving traditional policies concerned with work risks, such as unemployment insurance, in the dust (Martin, 2000). However, according to Esping-Andersen (2000), “all investment encouraging women’s labour force participation is an investment for family policy as well as employment policy”. For all types of families, he has argued, whether couples or lone-parent, the best guarantee against child poverty is by far the mother’s employment. As an example, he cites the low rate of lone-mother poverty in Sweden, which he attributes not as much to generous cash benefits as to the high labour force participation rate of women, supported by de-familialising services such as childcare. Indeed, he argues, mother’s employment is the most efficient antidote to the precariousness of both the post-industrial labour market and the contemporary family, both of which pose considerable risks for future citizens.

The incitement of mothers, and in particular lone mothers, to enter or remain attached to the labour market has indeed become a hallmark of liberal social policy. However, these efforts pre-date the discourse around child poverty and the grooming of our future citizens. Mothers were only one amongst a host of previously, legitimately “inactive” social groups in the traditional welfare state, to have both their status, and the policies relating to them, redefined. Other formerly “inactive” populations included young people who had never held a job, older workers who had lost their jobs and couldn’t find another, the disabled, and the long-term unemployed who were considered to have “given up” on seeking work. All these groups whose receipt of benefits was once considered justified, now find their right to benefits countered by the requirement to actively seek work. They are incited to do so (and in some jurisdictions, forced) by the offer of a variety of measures including training, job-search and placement programs, job subsidies, and, most recently, in-work benefits, otherwise known as the negative income tax.

This article argues that active labour market policies in liberal welfare regimes have taken a particular form that distances them in very important ways from those policies that encouraged Swedish women to participate in the labour force, and thus maintain themselves and their children above the poverty line. Liberal active labour market policy is characterized by a paradox. First, it was designed with a view to eliminating dependency, not poverty. Second, the singular focus on “employability enhancement” - defined as increasing the probability that an individual will find a job - appears to

correspond well to the typical liberal world view of personal responsibility and self-improvement. But the hypothesis put forward here is that this conception of active labour market measures has perversely (and necessarily) evolved in a direction where it is more likely to increase than reduce poverty, and this, by *increasing* dependency on benefits to an ever greater portion of the population. This makes the justification of investment in women's employability (and the employability of other newly activated groups) a far more precarious proposition in liberal contexts than in others, where social rights, especially for workers, are well ensconced. The American Personal Responsibility and Work Opportunity Reconciliation Act adopted in 1996, introducing time-limited benefits that are cut off after two consecutive years or five years accumulated over a lifetime, might be interpreted as the logical conclusion of the evolution of an employability approach to active labour market policy. The more optimistic prediction, that employability may be the liberal route to re-defining a legitimate basis for social rights, is harder to defend.

These arguments will be presented in several steps. First, it is important to distinguish active labour market policy as it is understood in countries such as Sweden, where it has been part of a vast and complex array of policies that have generally kept citizens employed and out of poverty, from its liberal homologue, promoted by the OECD. The example of Canada will serve to illustrate the adoption of the "employability" model and its place in the evolution of liberal social policy. The Canadian case is a useful one because active labour market policy has been devolved to the provinces, so that significantly different models exist, allowing us to see the continuity in liberal diversity. In particular, we will refer to the Ontario case, a fairly strong "workfare" model, and the Québec case, which leans towards social democratic principles. Then, through an examination of policy design and implementation, the article will take up the question of employability as a citizenship status, and the evolution of employability measures. These sections will set the stage for exposing the paradox of employability, and the conclusion will explore its implications for the citizenship status of the newly employable, such as lone mothers.

### **Labour market policy and ideas of citizenship**

Welfare states have developed different ways of balancing the division of responsibilities between states, markets and families (Esping-Andersen, 1990). Differences have revolved in large part around the extent to which state policies were to act as a counterbalance to individuals' and families' unmediated dependence on labour market participation. In both continental European regimes and social democratic welfare regimes such as Sweden's, the taming of raw market forces by the state was justifiable and even expected, though on different grounds and through different means. While most of Europe was content to mediate the risks of market dependence through generous insurance programs, several nordic countries engaged in more interventionist active labour market policies. In contrast to both

these examples, “state interference” in the market never gained the same legitimacy in most Anglo-Saxon, liberal welfare regimes.

Canada is uncontestedly classified as a liberal welfare state, in the sense of adhering to a neo-classical liberal ideology that emphasizes individual liberty and the autonomy of the market (Esping-Andersen, 1990). Social policies tend to stress private responsibility, to target benefits to the most needy, to restrict the size and scope of the public service sector and to limit social spending, all with a view to encouraging the least possible “interference” of the state in the dynamics of the market economy. How is it, then, that in the 1980's and particularly the 1990's, Canada began to adopt the language of active labour market policy? The explanation lies mainly with a collective turn by the group of OECD nations, during a period of international economic transition, towards promoting a shift from “passive” to “active” labour market measures for all member states (OECD, 1994). Passive policies respond to the problems of unemployment and poverty after the fact, through the payment of benefits, by means of unemployment insurance, social assistance and other cash transfers. In the context of the high unemployment rates experienced throughout the West during the 1980's and 1990's, these passive policies became vulnerable to attack, mainly because of their high fiscal cost. They were accused of creating poverty traps, in which dependency on meagre benefits was inadvertently encouraged by the very design of benefit programs. Active policies, on the other hand, complement benefits with programs to reduce unemployment and help people back into the labour market. Casey and Bruche (1985), inspired by Sweden's well-developed active labour market policy which played an important part in the maintenance of full employment in that country, categorized active labour market measures as follows:

- *Job retention measures*, for keeping workers employed in times of reduced production, including subsidized retraining and work-time reductions and production subsidies;
- *Measures to increase labour demand* in times of high unemployment, including wage subsidies and job creation in the public, non-profit and, increasingly, the private sectors;
- *Measures to match labour supply to demand*, including job training and placement measures, aimed at improving the quality or attractiveness of the labour supply, as well as programs to facilitate labour force entry and re-entry of the inactive population (school-leavers, full-time parents, etc.);
- *Measures to reduce labour supply*, such as early retirement, job-sharing and the reduction of the supply of foreign workers.

The keen interest of the OECD in promoting active labour market policies in those countries where their role have been insignificant before, was stimulated by a particular analysis of the internationally high unemployment rates of the 1980's. This unemployment was diagnosed as a structural rather than conjunctural issue, a problem attributed to the difficulty of the labour market to adjust to

fundamentally new economic conditions, such as the globalization of capital and the role of new knowledge-based technologies. This diagnosis had important repercussions for labour market policy, since it identified the problem as related primarily to the quality and flexibility of the labour supply, while suggesting that changes in the structure of labour demand were both inevitable and unalterable.

Indeed, the OECD's model of active labour market policy was in fact very different from earlier, successful, social democratic experiences. First, the OECD model was strictly concerned with measures to match labour supply to demand. In contrast, Sweden had a fully diversified policy attacking potential problems of job retention, labour demand and labour supply. There was typically far more investment in active labour market measures than passive, and more people benefiting from active measures than there were unemployed. Furthermore, the accent was principally on maintaining and increasing labour demand through wage subsidies, and supporting a growing labour force - where women were encouraged to hold jobs outside the home - through job creation in the public sector. Training and job placement in the private sector were secondary in Sweden, while they took a front seat in OECD proposals.

Secondly, active labour market policy in social democratic regimes had always worked in conjunction with both economic and social policies, but the package of policies to which it belonged in the OECD vision is distinctly liberal in its objectives and its means. Instead of being applied in the broad, supportive context of Keynesian economic policies, aggressive industrial policy and generous, citizenship-based social policy, active measures today are typically adopted as part of the OECD's 9-point economic restructuring strategy. This strategy calls for putting economic growth first by means of macro-economic policy, technological research and development, the elimination of obstacles to private sector development, increased flexibility in labour costs and reduced employment security (OECD, 1996:6). Instead of generous, universal social programs to fill the gaps in employment careers, the OECD recommendations call for a more precise targeting of unemployment insurance and social assistance, and reforms that would reduce these programs' competitiveness with the labour market. The place of active measures in this policy complex is "to improve the functioning of the market by increasing mobility and adjustment, by facilitating the redeployment of workers towards productive activities, and in a general sense, by permitting workers to take advantage of employment opportunities" (OECD, 1994a:109).

Third, while active labour market policy in Sweden traditionally involved an intricate, systematic and dynamic policy, using a wide range of measures to intervene in labour market dynamics in specific ways, according to particular conditions in different sectors and regions, the focus throughout Europe and North America from the 1980's has been on one type of measure in particular: individual employability, ostensibly designed to enhance human capital. Human capital refers primarily to those acquired

resources, such as skills or experience, that individuals may have at their disposal and can use to good advantage on the labour market (Becker, 1964). The focus on individual skills ties in with the singular preoccupation with matching labour supply to demand in a rapidly changing economy. But reducing active labour market policy to a single type of measure strips it of the mix of versatility and strategy that rendered it so effective in controlling labour market fluctuations in Sweden.

Fourth, active labour market policy from the 1980's became a policy of crisis management. Active measures were promoted by the OECD in contexts of high unemployment rather than the near full employment that Sweden boasted up to and throughout the '80's. Their objective was to wean the hardest-to-employ people off long-term state programs, rather than intervening to prevent the need for state assistance in the first place (OECD, 1993). Governments hastily adopted or revised their meagre active programs as they found themselves needing to seem to “do something” about rising unemployment rates. Measures were implemented under fiscal pressure with few institutional supports (OECD, 1996:7). Indeed, because of the fiscal pressures caused by high unemployment, and constraints due to the service costs of carrying huge public debts, these policies were redirected to “dependency reduction” at the same time as states were curtailing other social supports.

This context of crisis management had several repercussions for the design of liberal active labour market policy. First, it meant that action was necessary to get the unemployed and inactive into the labour force. People could not be allowed to “languish” outside of the market. Two different sets of values underpinned this assessment, often characterized by the distinction between the ideas of two equally neo-liberal thinkers. On the one hand, Charles Murray argued that there were enough jobs for all who were willing to take them; all that was needed was to eliminate welfare as an option. This appears to have been the path adopted by the US in its Personal Responsibility and Work Opportunity Reconciliation Act. On the other hand, Lawrence Mead argued that the task of reintegrating the disadvantaged into the labour market required some investment, since they would be competing against others with greater assets; what was needed were programs designed to enhance their employability.

The concept of “employability”, according to most definitions, refers simply to the likelihood of obtaining a job. The concept made its first appearance in the 1950's, in the US, where it referred to the estimation of a disabled person's potential to hold a job. Similar assessments began to be used on patients with certain chronic illnesses, such as heart problems, on people with intellectual disabilities and psychiatric disorders, and eventually, on delinquents and ex-convicts (Gazier, 1990). By the 1960's and '70's, employability assessment had evolved, at least in the US and Canada, to include the socially disadvantaged. This shift was accompanied by conceptual refinement, inspired in large part by another relatively new concept at the time : human capital. Not only physical and motivational traits were

measured but also technical and social skills, education and literacy, previous work experience, behaviours, attitudes, appearance and any other individual traits that could be considered assets or liabilities on the labour market. The probability of obtaining a job was thus considered a function of one's exchange value on the labour market.

The same concept was being used in continental Europe in a different sense. While the North American version was decidedly focussed on the assessment and improvement of the labour supply, a structural understanding of employability was developed in France as a tool for monitoring and influencing unemployment rates. Individual employability, oriented towards countering the labour market handicaps of particular types of workers, was overshadowed by an interest in modelling "average employability", which depended on the macroeconomic conditions of labour demand.

This interest waned, however, when it became apparent, during the 1980's, that the growing unemployment problem in France and elsewhere was unamenable to macroeconomic efforts to reduce it. It was at this time, in the 1980's, when even Swedish labour market policies were soon to prove less effective at maintaining full employment, that the OECD took a lead in transforming the social democratic concept of preventive, active labour market measures into North American-style employability. OECD recommendations insisted on the importance of targeting programmes to those groups most disadvantaged on the labour market, such as the long-term unemployed, youth and lone mothers, and on the greater efficiency of supply-side measures such as training and job-search help over demand-side measures, such as job creation.

The employability approach embodies a very different view of social citizenship than that which underpins social democratic labour market policies. Rather than employment being a *right*, in this context, it becomes a *responsibility* for which people "dependent" on benefits require incentives and a helping hand to fulfill. Citizenship rights have been operationalized by Esping-Andersen (1990, 1999) in terms of the extent to which policies "de-commodify" and "de-familialise" citizens - that is, free citizens to make certain choices with respect to balancing market and family responsibilities. How do active labour market policies fit into this scheme of welfare capitalism? Active measures, in Sweden as elsewhere, embrace firm expectations of workforce participation for all adult citizens. As such, it can be argued that, whether through the "right" or the "responsibility" to work, they actively "commodify" citizens. Orloff (1993) cast a new light on this contradiction by pointing out that, in order to equally benefit from most current welfare state policies, women must first be "commodified" to be in a position to benefit from de-commodifying social rights.

In Sweden, however, this commodification is in fact tempered by generous universal benefits that

de-commodify citizens under a variety of circumstances, including maternity and the responsibilities of parenthood. It is also supported by ample public services that de-familialise them by providing adequate and universally available alternatives for childcare and elder care. Thus, the responsibilities of citizenship, including labour force participation, are counterbalanced by generous state-sponsored rights. What happens when “commodifying” policies are adopted in liberal regimes, where the rights and responsibilities of citizenship are understood very differently? In the social democratic model, responsibilities are supported by rights; in the liberal model, rights are countered by responsibilities. Along with the right to assistance, for example, comes the responsibility to get a job at all costs. In the following section, we will trace the Canadian path to this new form of liberal citizenship, centred on “employability” as a newly dominant social citizenship status.

### **Active labour market policy in Canada**

Active labour market measures in Canada date back at least to the 1970's, but typically of liberal welfare states, they had never had much importance within the system. This situation was to begin to change with the arrival of double-digit unemployment rates in the 1980's and the introduction, in 1985, of the Canada Jobs Strategy providing training and work experience for people collecting unemployment insurance. The creation of a Labour Force Development Board in 1990 drew the private sector into federal funding decisions regarding labour market measures, but resulted in only a slightly greater diversion of unemployment insurance funds from benefits to training. Then, with the election of a Liberal government in 1993, it appeared there would be a new thrust in labour market management. Although this government re-committed itself to active policies along the lines of OECD recommendations, it actually abdicated the federal role in all by financing some measures, while turning the design, administration and delivery of programs to the provincial level.

These changes were taking place in a context in which many welfare states, including Canada, were chopping away at the margins of their spending on social benefits. For example, family allowances and old age security were originally designed as citizenship entitlements. Gradually, the first have been replaced by income-tested child tax benefits, and the second has also succumbed to income-testing and a clawback from the better off elderly. Labour market policy reforms introduced throughout the 1990's highlighted the this trend. In 1990, the federal government's contribution to the Unemployment Insurance fund was stopped, with attendant changes to eligibility rules, and in 1995, more extensive changes were introduced so that, despite higher unemployment (or because of it) fewer people receive lower benefits, after longer waiting periods, for a shorter period of time. The program was renamed "Employment Insurance". The effect of these federal reforms was to push people to rely more and more on personal savings in times of unemployment, as long as those savings last, and to increase the importance of

provincial social assistance in the overall safety net.

Social assistance, or welfare, is a means-tested benefit of last resort, under provincial and sometimes municipal jurisdiction. Under the Canada Assistance Plan (CAP) of 1966, the federal government had shared the financing of provincial welfare programs and provided national guidelines. The most important of these was that eligibility for assistance reside in need alone. The CAP was intended to protect people with little or no other income from a "free fall into utter destitution", particularly those who might fall through the holes in the rest of safety net (National Council of Welfare, Welfare Reform 1992). However, in liberal welfare regimes such as Canada's, it is hardly the residual program it is in the rest of the developed world, where an average of only 4% of the population is left to means-tested assistance. In Canada, about 15% of the population collects welfare, which is more in line with the group of liberal welfare regimes including the UK and the US, as well as Australia, New Zealand and Ireland (average 17%) (Eardley, 1997). When the CAP was abolished in 1995 in favour of block grants to the provinces under the new Canada Health and Social Transfer (COST), this considerably reduced the federal contribution to social programs, eliminated the "protected" envelope for assistance, and virtually abandoned national standards for all programs but health insurance - including the requirement that assistance be granted on the basis of need alone. Provinces could now require that certain obligations be attached to the receipt of welfare benefits.

Amongst the Canadian provinces, only Québec had systematically adopted active measures for welfare beneficiaries at this time, with participation necessarily voluntary due to the original provisions of CAP. With this provision waived, however, more and more provinces began to experiment with such employability enhancement programs, a trend further encouraged by bi-lateral federal-provincial ententes signed throughout the late 1990's for the transfer to the provinces of those employment insurance funds dedicated to active measures. American-style "workfare" loomed as a threat and there was considerable debate and angst over the possible convergence of American and Canadian policies not only in the area of welfare and workfare but also health (Evans, 1995; Maioni, 19..). In fact, this convergence has not materialised. Similarly, although unemployment insurance in the UK was transformed into a "Jobseeker's Allowance" in 1995, and employability policies have lately been adopted as "New Deals" for such groups as youth and lone mothers, there remain important differences between these and most North American programmes. None the less, when compared to Sweden or other European countries, there is a coherence in the liberal policies that clearly distinguishes them from those of social democratic or continental regimes.

These differences can be understood in terms of the relations between tendencies to commodify, de-commodify and de-familialise citizens. In Sweden, as mentioned above, the three processes have

been seen as inextricably intertwined : generous social policies de-commodify workers by providing numerous opportunities to temporarily withdraw from the labour market for caring and other activities considered legitimate contributions to the society; commodifying active labour market policies require people who are out of work to train for or take a job if they are not occupied by other legitimate activities such as caring; universal childcare and other caring services make it possible for anyone wishing to participate in the labour market to do so, regardless of family responsibilities. Through this policy combination, Sweden has been able to maintain full employment or low unemployment rates for most the last 50 years, and this with the highest rate of female employment in the West. Other European countries focus strongly on de-commodification, with numerous measures to reduce the labour supply, such as early retirement. But they are generally not strong on either commodification or de-familialisation.<sup>1</sup> **In sharp contrast to both of these models, liberal regimes seem to have concentrated almost exclusively on the commodification of inactive social groups, with relatively little investment in either de-commodification or de-familialisation. The differences between jurisdiction and another can be great, however.**

#### ***Active labour market measures in Québec***

During the 1960's and 1970's, Québec had developed a full-fledged welfare state with a large public sector, that also did not shy away from active intervention in economic development, nor from combining the two. For example, when Canada introduced its pension plan in 1961, Québec had insisted on maintaining control over its own, similar public pension plan, with a view to developing the pension fund as a powerful instrument for investment in Québec-based industries. This phase of expansive policy development came to an abrupt halt at the end of the 1970's, however, and by 1982, the social democratically Parti québécois was imposing severe budget cuts on its public sector health and education establishments. Quebec's keen interest in active labour market measures as a means of reducing its high rate of unemployment were systematically introduced by a Liberal government 1988, though in large part based on groundwork done by the Parti québécois before it. The justification and blueprint had been published in 1984:

In spite of all the efforts that have been made to boost the economy and create jobs, the almost total disincentive that has been institutionalized [in our welfare system] may very well render any full employment policy an illusion... it is important that citizens assume a

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<sup>1</sup> France may be held up as a European exception, since childcare is widely available and the RMI (Revenu minimum d'insertion) provides for helping people enter or re-enter the labour force. However, the RMI tends to focus more on seeing to the pre-employment, social insertion of beneficiaries, thus considerably weakening its commodifying effect.

greater part of the responsibility in boosting the economy (*Livre blanc sur la fiscalité des particuliers*, Ministère des finances, 1984:5)

Since 1966, a traditional, passive welfare system had been in force in which benefits were paid to the destitute without any obligation on the part of the recipient. In fact, the recipient was considered inactive, and indeed, when the program had been introduced, 80% of beneficiaries were disabled and the remaining 20% were classified as no longer seeking work. By the time the new 1988 social assistance policy was introduced, that proportion had reversed : only 20% of beneficiaries were disabled while fully 80% were, for all intents and purposes, long-term unemployed. Thus the new policy had several explicit objectives that distinguished it sharply from its traditional ancestor, including (1) to distinguish between the situations of people fit for work and those with severe disabilities; (2) to encourage the integration or reintegration into the labour market of all those considered fit for work; (3) to ensure that those already in the labour market retained the incentive to remain there; and (4) to provide additional incentives to parents who accept low-wage jobs, to make the passage from welfare to work more attractive.

To achieve these objectives, three separate programs were established: Financial Assistance for welfare recipients with severe disabilities; APTE for those considered employable; and APPORT, for poor working parents. A whole series of active measures were designed to meet the wide variety of needs of those enrolled in APTE: job search, general education, training and work experience programs for those with human capital deficits; and a wage supplement or in-work benefit for low-income parents. For those assigned to APTE, beneficiaries were expected to sign an action plan with an agent and the precise amount of benefit was tightly linked to both willingness to participate in measures and actual participation. Women with children under 2 were exempted from participating, but their benefit was not as high as it would be if they did participate. The principal incentive embodied in the welfare system, however, restructured the relation between welfare benefits and wages. The policy stipulated that "in order to encourage employable beneficiaries to return to work and to help them regain their financial autonomy, the ... scale of benefits ...maintain a reasonable gap between the revenue available to families where the head works at minimum wage, and households where the head is employable but depends on government assistance (*Pour une politique de sécurité du revenu*, 1987: 25). This was accomplished by adjusting welfare benefits as necessary.

A final dimension of the policy was to make welfare as unattractive as possible, through strong surveillance, punitive and stigmatizing measures. Regulations that touched on individuals' personal lives were enforced by unannounced visits to their homes and the questioning of neighbours. Cuts were made to benefits without adequately informing beneficiaries of the reasons, the duration, or the measures required to restore them. Information about employability measures was inadequately provided and their

operation remained mysterious to many beneficiaries. The media was used to propagate myths about high levels of “fraud” and about beneficiaries who “refused” to participate in employability development programs.<sup>2</sup>

**In face of strong public criticism of this welfare policy, the return of the Parti Québécois to power in 1996 led to a promise of reform. Although long in coming, the reform was thorough. Social assistance became Employment assistance; a separate financial support program was created for the disabled; the complex structure of employability measures and their link to the size of benefit was abandoned in favour of a simpler system which favoured the negotiation of individual pathways to employment; benefit rates were de-linked from one’s willingness or ability to participate in programs, and instead were set at a basic rate for all, with additions for various costs including those associated with participating in an employability measure. Media attacks were called off and there was even a short-lived campaign to try to convince employers to give welfare recipients a chance. APPORT, the in-work benefit program, remained intact.**

**Most interesting, however, was that the long wait for this reform allowed it to be integrated with Québec’s new family policy and the federal government’s National Child Benefit, introduced at the same time. First, if the employment of mothers with school-aged children is an important component of this policy, it was accompanied by the introduction of universal, regulated childcare at 5\$ a day, from infancy to school age, as well as after-school programs for older children. Parental leave will be another element of the family policy, but is still awaiting implementation. Second, in line with the introduction of the National Child Benefit, employment assistance is provided only for adults, while children are covered are by the federal benefit. Thus, children are magically “removed” from the welfare rolls though their parents remain. Third, the welfare policy is also coupled to a job-creation strategy, focussing on the social economy. This strategy is creating jobs principally in the service sector, including the childcare and elder care sectors.**

**The social democratic orientation of this set of policies is evident : they include a strong commodification component, but complement that with universal childcare and a modest policy**

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<sup>2</sup> Thirty per cent of people whose benefits were cut for reasons of “fraud” in fact were unwitting victims of agents’ mistakes (Noël). Only 12% of employable welfare recipients were participating in programs at any given time because of lack of information, lack of placements, lack of agents’ time to make placements, and the automatic and immediate change of status from “participant” to “non-participant”, with the attendant drop in benefit rate, on the day that a given measure ended (McAll and White, 1996).

to enhance work-family conciliation. Indeed, the package seems to correspond well to the recommendations of policy experts for renewing the welfare state in the post-industrial era (Esping-Andersen, 2000). Make no mistake, however: one very “liberal” dimension of policy remains firmly intact, and that the stinginess of benefits. Recipients receiving the highest possible benefit still live at about 40% below the low-income cut-off. The policy is also not immune from the employability paradox that will be addressed in the later sections of this paper.

### ***Active labour market measures in Ontario***

Ontario presents a strong contrast to the Québec case. Its population is about 30% greater than Quebec's, its GDP, about 40% higher, its public debt, almost half, and its unemployment rate traditionally 1 or 2% percentage points lower. None the less, since the 1991 recession and changes to the federal Unemployment insurance program, the rate of welfare dependency has increased more sharply in Ontario than in Quebec, where the first comprehensive welfare reform focussing on active measures was already in effect. By 1992, 13.1% of Ontarians depended on welfare compared to 11% of Quebeckers, despite the higher unemployment rate in Quebec. Furthermore, in contrast to Quebec, Ontario retained until very recently, its original welfare policy from 1967, adopted following the introduction of CAP. This was a dual system, with the province responsible for the disabled or "unemployable" population and municipalities responsible for all others. Eligibility for provincial assistance was determined by at least 15 different categorical entitlements, and municipalities dealt with at least another five. Programs and benefits differed from one municipality to another, and voluntarism and private solutions still filled in many of the gaps (Irving, 1987; Sabatini, 1996). Numerous employability development programs were introduced in different jurisdictions over the years, but they were never structurally embedded in policy in a systematic fashion, as in Quebec policies.

Furthermore, although each successive government in Ontario since the mid-1980's - ranging from the Liberals to the social democratic NDP to, most recently, the Conservatives - have tabled a welfare reform, none was systematically applied until 1997. The first reform proposal, initiated by the Liberals in 1986, was an attempt to modernize the welfare system by merging provincial and municipal programs into a single-system, replacing categorical eligibility with simpler criteria, raising benefit rates for certain categories of recipients, introducing a low-wage supplement for poor workers, and calling for more active labour market measures. The latter stressed training programs, pre-employment support, counselling and skill training, and called for "opportunity planning" and "moving towards self-reliance" (Transitions, 1986). Job creation measures were also suggested, though no concrete proposals were presented.

The social democratic NDP government that followed in 1989 adopted a number of the Liberal recommendations (for example, benefits were increased and employability development projects were supported) and made a rather weak effort to introduce work incentives. Most of its suggested reforms, however, were never adopted, nor was provincial and municipal welfare administration merged. The NDP government did place greater emphasis on job creation measures than had its Liberal predecessor, but did so in conjunction with private sector initiatives rather than under government sponsorship, as in the

Quebec case. "JobsOntario", introduced in 1992, called for investment in infrastructure, community development and housing projects, summer employment and training subsidies in the private sector. However, before these measures could be embedded in the system, the NDP lost its mandate and a Conservative government came to power.

One of the Conservative government's first acts was to reduce the social assistance budget by 20.5%, principally through a war on welfare fraud and the introduction of significantly tighter eligibility criteria.

Soon after, while the war on fraud continued, municipal welfare for the employable was transformed into a new program called Ontario Works, while the disabled were "removed" from provincial welfare through the introduction of the Ontario Disability Support Program, offering a slightly higher benefit. As in Québec, employable beneficiaries are required to sign a one-sided contract with an agent in which the plan for a return to work, or labour force integration, is laid out. But in contrast to Québec's APTE, Ontario Works is a fairly classic workfare policy. It requires work-for-welfare even as it offers a wide variety of measures to promote welfare-to-work. Beneficiaries who do not choose to participate in one of a number of employability enhancement measures made available to them, including education, training and so on, are required to contribute 17 hours a week to work in a community organization, on pain of seeing their benefit cut. Most recently, it has been stipulated that those beneficiaries who fail a literacy test will be required to participate in an adult literacy program, also on pain of losing benefits. There is no job creation component to the Ontario policy, and while financial incentives for joining the workforce have been put in place, a special in-work benefit such as Québec APPORT, does not. Finally, Ontario's children, like Québec's, benefit from the federal National Child Benefit, which replaces the provincial contribution for the support of children in families on welfare.

The welfare rolls in Ontario continue to diminish rapidly at the beginning of the 2000's, and it is difficult to judge to what extent this is resulting from the relatively strong economy versus the continuing war against "fraud". There is no doubt that this policy takes a more disciplinary approach to labour market integration than Québec's most recent policy seems to, and that it is outwardly more moralising and stigmatizing. The stick appears to take precedence over the carrot in Ontario, while the reverse was the case in Québec's earlier reform. The most recent Québec reform, on the other hand, appears to rely somewhat less on a carrot and stick approach and more on a facilitating approach, creating conditions conducive labour market participation for mothers and other "hard-to-employ" groups. None the less, in very basic ways, Ontario and Québec approaches to employability rest on similar premises and eventually run into similar issues. These issues, as they related to the concept of employability and the way it is deployed, will be addressed in the following sections.

## **Employability as a citizenship status : Who is employable?**

Employability is more about reclassifying and managing certain segments of the population than it is about improving their economic prospects. Walters (19,,) maintains that the principal point of demarcation between the traditional welfare state and what he calls the “active society” is the designation of who is considered a potential worker. There was always a division between workers and non-workers in the welfare state. One set of welfare provisions de-commodified workers in face of the risks associated with dependence on the market (e.g. unemployment, sickness, retirement) while another set of provisions, usually less generous, was reserved for those considered to have “formal exemptions” from labour market participation on legitimate social grounds, such as mothers of young children (for their contribution through child rearing), the elderly (in recognition of past contributions) and the disabled (as a show of social solidarity with the “deserving” poor). If any relief was offered to an unspecified, and thus “illegitimately” non-working category, it was typically means-tested and miserly. Liberal welfare regimes distinguished themselves by their relatively heavy reliance on the latter types of policies, and Canada has been no exception.

In contrast, in the “active society”, who is *rightly* a worker or potential worker, and who is not, is not as exclusively and carefully defined as it was. Rather, (almost) everyone is a potential worker. Thus Québec's income security programme offering financial aid of last resort was transformed in to Employment Assistance, Ontario's welfare system has been renamed “Ontario Works”, and Canada's Unemployment Insurance is now Employment Insurance. With the broadening concern with inclusion, the integration of the handicapped and mentally ill into the labour force is increasingly supported and motherhood is certainly not considered a valid basis for women to be shut out of the market. Ontario requires, and Québec incites sole-support parents with school-aged children to participate. Likewise, in the UK, the array of New Deals for special groups clearly attests to the diversity of formerly inactive, now employable social groups : New Deals have been specifically designed for Young People, for Long-term Unemployed, for Lone Parents, for Partners of Unemployed People, for Disabled People and for People Aged 50 and Above. This list almost corresponds to that of groups that were once (more or less legitimately) considered outside the labour market, and eligible for benefits, in liberal regimes, on the basis of demonstrated need.

Social movements and other civil society mobilisations have been at the source of many of these changes in cultural expectations. The concept of employability plays into these cultural changes. For example, Ontario's Minister of Community and Social Services claims : “We listened to people with disabilities... and we're still listening. That's why...employment supports allow people with disabilities to

choose the services they need to help them reach their individual employment goals” (24). But this same sort of concern for the claims of advocacy groups also turns them on their head. For while severely disabled welfare recipients in Ontario are exempt from workfare and other work-related requirements, a fair number of those previously classified as unemployable are no longer considered “disabled enough” for such an exemption. Similarly, while the women's movement has called for equal access, opportunity and treatment for women in the labour force, governments have decided that women, including lone mothers, *must* join the labour market or participate in programs encouraging labour force integration. The idealistic recognition that (almost) everyone is *potentially* employable, is twisted through the expectation or requirement that all those defined as employable - regardless of the criteria - will in fact seek and accept jobs. Work is a responsibility, not a right.

Thus, instead of a wide variety of categories of legitimate non-workers, we are left with two categories: the unemployable, who are identifiable principally on medical grounds, and everyone else, employable and expected to work. The emblematic group having faced this status transformation is lone mothers. In the traditional welfare state, while some mothers joined the labour force to help support families, *lone* motherhood was almost universally considered a legitimate reason for withdrawing from the market and receiving benefits. And indeed, despite their lack of another breadwinner to support the family, and the meagre benefits paid in many jurisdictions, lone mothers were less likely to participate in the labour force than married mothers (with the exception of Sweden, where paradoxically, benefits were most generous) (O'Connor, Orloff and Shaver, 1999). Today, lone mothers are increasingly being considered employable. In Canada, depending on the province, lone mothers are considered employable once their youngest child is anywhere from 6 months (Alberta) to 6 years (Ontario and Québec). Childcare is partially subsidized for poor lone parents returning to work, and in Québec, it is becoming universally available. But the erratic organization of the low-end labour market into which lone mothers (or newly-single older women who have never worked outside the home) can integrate usually requires finding and orchestrating childcare under conditions of unstable working hours, with variable shifts, and little advance notice. Québec is still having difficulty overcoming this problem of irreconcilable labour market and family demands.

With the transformation of much of the formerly “inactive” population - including the long-term unemployed who are welfare beneficiaries, lone mothers, the moderately disabled and youth who have never held a job - into an inclusive category of active job-seekers, we might ask what becomes of the few remaining “inactive” groups. For the most part, *unemployability* has been medicalised : the only access to that single “legitimate” status outside the labour market is typically through a medical certificate. The formally inactive population has thus been drastically reduced and redefined as disabled. A separate category of aid is offered, slightly more generous than that reserved for employable individuals who

ought to be working. In Québec, for example, those with severe work constraints receive a \$233 monthly bonus over the basic employment assistance rate, but are not allowed to earn as much as those considered employable or only temporarily unavailable for work, before their earnings are taxed back. Special employability measures are available to them. The Ontario Disability Support Program offers the severely disabled only about \$100 more than the basic welfare benefit for employable people, but also places a strong accent on the employability component of this program, though participation is voluntary.

On the other side of the employability boundary, the frontier between those considered employable and those actually *employed* is filling up. As efforts are made to either lure or force welfare recipients into the labour market and entice them to remain there with in-work benefits, such as APPORT in Québec, the traffic at the frontier between employment and unemployment is mounting: people are constantly shifting back and forth between precarious jobs and precarious benefits. Training, job experience placements or plain workfare programs for people on assistance tend to blend with temporary jobs, contractual work, on-call work and insecure self-employment in a zone of the labour market characterized by instability and poverty. Tough criteria for gaining access to a long-term exemption from seeking work means that many with supposedly less debilitating problems, be they physical (e.g. a heart condition or varicose veins), psychological (e.g. a medically-controlled mental disorder, emotional or behavioural problems) or social (e.g., living with domestic violence or a troubled adolescent) are forced to compete for those low-level jobs not only with other long-term unemployed people, but with the already precariously employed and the recently unemployed. Their reduced exchange value compared to more stable workers results in a kind of shuffling in and out at the frontier of the labour market.

The heterogeneous category of the employable who occupy this unstable and insecure frontier zone constitute a reserve army of cheap, flexible and vulnerable labour. Highly disciplinary welfare programs tie employability enhancement functions to surveillance and social control functions. The benefits they pay are insufficient to confer the right to social participation at any culturally acceptable level. As citizens, the employable live in a world of obligations rather than rights.

### **Developing employability ?**

A vast array of programs has been put forward over recent years to help or encourage this new employable population to join or re-join the labour force. These include incitements (and sometimes requirements) to obtain a secondary school diploma, or to improve literacy, numeracy or language skills. Specialized training is typically available as well, leading to minimal qualifications for service jobs such as secretary, nurse's aid or computer programmer, as long as the training period is relatively short (from

three months to a year). Job clubs which provide support and guidance in searching for employment and various other placement services are the most prevalent measures available, however, since it has become clear that, in the case of the borderline-employable population, a minor increase in human capital does not significantly improve one's probability of finding a job. So-called "soft skills", such as demeanor, motivation, flexibility, initiative, work attitudes and effort - which in fact are not "skills" at all (Kleinman and West, 1998) - are explicitly or implicitly more important to employers at the low end of the market where the majority of jobs are in personal services. Wherever job preparation services are offered to this population, then, the accent is increasingly on presentation of self (White and Lévesque, 2001).

Indeed, the failure of a supposedly progressive, "human capital investment" justification for tying social assistance to employability development has been considerably weakened by the poor outcomes of education and training programs wherever they have been adopted, and this, despite the OECD's enthusiasm during the 1980's and '90's. In the US, where employability programs began, they were the object of quasi-experimental evaluation, showed very small and uneven outcomes on such variables as the annual increase in hours worked or in income (Gueron, 1986, 1987; Bassie, 1983; Eckstrom et al, 1987). Others studies have tried to identify the impact on different social groups such as the young, women and cultural minorities (Barnow, 1987; Harlan et al, 1985; Savage, 1989), also with insubstantial outcomes. Canadian evaluations (McAll and White, 1996; Sylvestre, 1994) have also led to similar conclusions, namely, a modest improvement for a small number of participants, with most of the wide variance from one program to another and one study to another, remaining unexplained. Even in the UK, where at least the New Deal for Young People is touted as highly successful, two thirds of participants do not obtain jobs lasting more than a few months, and the rate is lower for women and ethnic minorities. Furthermore, it is recognized that half of those young people who did find work would have done so without the program. As for the long-term unemployed, their New Deal is less effective : only 13% found and remained in employment for several months (Millar, 2000).<sup>3</sup> **Today, most experts acknowledge that apparently successful efforts to encourage labour force attachment within a welfare population through human capital development are substantially produced by "creaming" effects (Evans, 1995). Thus, investment in these types measures actually went down during the 1990's, at least in the liberal constellation of welfare states including Canada.**

**If human capital development is not the answer to employability, what other measures are seen to improve the probability that individuals will get jobs? More and more, the focus is on "placement". Interviews, encouragement, advice and support are the principal offerings, though**

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<sup>3</sup> These are the only New Deals that have a training-education option, indicating that an objective of improving human capital.

in cases where the potential is more evident, referrals to educational or training programs are still made. Typically, agreements must be signed between welfare recipients and agents which support the individual's shortest route to a job. In the Ontario case, aside from practical advice in finding a job and some short-term training, employability is encouraged mainly through placements in community organizations for 6 month periods. These placements ostensibly provide current work experience, update skills, improve confidence and create new contacts - however, they are not monitored for these effects. More importantly, they represent the means of enforcing the principle that "doing nothing on welfare is no longer an option..." (Ontario, 2000: 13).

Where placement and other services are offered, governments generally enter into partnership agreements with public institutions, private firms or community organizations for the delivery of these services to designated individuals. In some cases, quotas for placements are linked to these agreements or contracts. In Ontario, targets are set for placements (in jobs, education, training or community organizations) and municipalities, responsible for implementing Ontario Works, see their program funding rise if they met or exceeded these targets. In Québec, community organisations contracted to help those people most disadvantaged on the labour market, including youth, the disabled, immigrants, people with serious psycho-social problems, lone mothers and so on, are expected to meet placement quotas as well. If once, enrollment in longer-term projects including training or education counted as placement, this is no longer the case. What counts is a job, however long it lasts. Thus, a Québec welfare agent compared "placement" in this context to a "fast-food joint", where the accent is on speed and quantity with little care for quality (McAll and White, 1996). Employability is thus increasingly conceptualized as the probability of landing a job, *regardless* of individual qualifications.

In some senses, this turn away from the human capital view of employability has had a positive effect. For example, as more and more inactive people are transformed into employable people, it becomes clear that certain constraints are of a very different character than human capital deficits. The most important of these are caring responsibilities, particularly for young children. In most liberal regimes, partial childcare subsidies are often provided for families moving from welfare to work, though few childcare arrangements can accommodate unpredictable hours, on-call and night shifts, and other unstable aspects of the jobs that are typically available to mothers of young children with little or no employment experience. However, other constraints do not appear to have even potential solutions such as the provision of a de-familialising service. These are constraints based on employer discrimination by race, ethnicity and even looks. For example, in a Québec study, employability agents admitted to using

code words to indicate to each other that a given employer would not accept black candidates for placement, and mentioned that they were often told by employers that they would only accept a good-looking woman for their front desk. Native people faced discrimination as well, as did people from cultures in which modesty and soft-talking is the polite norm, for these people could not “sell” themselves as well to potential employers. Finally, simply the fact of being a welfare recipient significantly reduced employability. These sorts of traits that “invite” discriminatory practices have no short-term solution as long as they are culturally perpetuated. What does this mean with respect to the conceptualisation of employability? The probability of obtaining a job depends, after all, on how attractive a person is to potential employers. If technical and social skills are insufficient to counter welfare stigma, then the attractiveness of employable individuals must be secured in other ways.

### **Marketing the employable**

Due to conclusions drawn from employability enhancement experiences, recent trends in employability and activation are edging in the direction of the “Walmart strategy” : any commodity can be sold if priced cheaply enough. The US most obviously depends on this strategy. Time-limited welfare, introduced under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, represents one version of this strategy. In their original conception (Bane and Ellwood) time-limits were conceived as a strategy to end dependency by guaranteeing every welfare recipient a job at the end of given, maximum welfare spell. While training, education and job search programs have not been totally abandoned, the principal means by which the majority of those leaving welfare get jobs is by accepting any job at all, for any wage. The full employment situation in the US at the time of this writing suggests that Murray ( ) was correct to argue that there are jobs for all who want them - as long the job-seeker is sufficiently desperate. In this context, the rising rate of “working poor” and their plight is taking precedence over “welfare dependency” as that country's principal social problem.

Some Canadian provinces have also come to recognise that employability can most efficiently be increased by lowering the exchange value of the individual. Wage subsidies, or payments made directly to employers, are the most prominent means of making certain individuals more attractive than they would otherwise be. Unlike training, which is a means to a job, a wage subsidy has a job as its direct goal; the subsidy is only offered when a targeted person becomes employed. The goal is to give a “competitive edge” to the long-term unemployed or other groups that are the obvious underdogs in the labour market. The Canadian federal has a program of targeted wage subsidies that cover up to 60% of salary for up to a year. In Québec a program of 6-month, full-wage subsidies (at minimum wage) has been in place for all employable welfare recipients since 1989 and has always proved to be the most

effective of its employability measures, with relative success not only at helping people get a job, but also, in influencing the quality of the job (for example, work schedules and pay). In other words, it would appear that when a worker is essentially a “gift”, an employer may be ready to add a few dollars of his or her own to raise the take-home salary of the job-holder above minimum wage. However, the fact that subsidized jobs tend to offer better working conditions than other jobs obtained by welfare recipients may also be related to the fact that a wage subsidy is normally available only when the employer is hiring for a regular full-time job. Irregular, contractual, temporary or on-call jobs that characterize the frontiers of the labour market are not open to wage subsidies.

Clearly, employers need to be induced to hire people who are perceived to be the least employable off all those on the labour market. Placed in direct competition with others for starter jobs (“McJobs”) or relatively unskilled labour, the presence of this employable category competing on the labour market both increases labour supply and moderates wages, whether or not they themselves actually obtain jobs. With the employable waiting in the wings with subsidies, the employed are more likely to have accepted a job at minimum wage. Thus the growing concern about the “working poor”, so prominent in the US and rising elsewhere.

This concern has recently translated into programs that provide in-work benefits. Originally, such benefits were touted by liberal welfare regimes as “incentive” packages to lure people away from welfare and into the labour market. They were seen as a means of combatting the welfare trap, in which the costs of leaving welfare were greater than the benefits of taking a job. Thus, a program might prolong access to certain welfare benefits, such as free medication,<sup>4</sup> **until a given salary level is reached, or introduce a new benefit calculated on the basis of earned income. However, the discourse has changed somewhat. Now, instead of speaking of incentives, these benefits are often couched in terms of alleviating child poverty. Thus, various new benefits, such as the National Child Benefit, Britain’s Integrated Child Credit and the American Earned Income Tax Credit are available only to low-income, working parents whose earnings on the market are insufficient to keep their children out of poverty. These programs have as an explicit objective to make it more likely that mothers will take and retain jobs on the labour market. The question is, how do they work to increase an individual’s employability?**

**First, in-work benefits make it possible for a person to accept a lower-paying job than he or she would otherwise be able to accept, particularly where responsibility for children adds to**

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<sup>4</sup> Québec’s universal medication insurance still requires a certain deductible to be paid, which has recently been waived for certain welfare recipients and people receiving the in-work benefit, APPORT.

basic financial needs. Contrary to job subsidies, which, as the Québec case shows, can have the effect of ensuring decent working conditions for those who obtain subsidized jobs - at least for the time that they retain the job - in-work benefits reduce the incentive to employers to offer an adequate wage. Individuals with family constraints can now afford to supply cheap labour because they do not have to rely on their wages alone to maintain their household. Beneficiaries' employability is improved because they can provide a cheaper alternative to others competing for the same jobs. This, it could be argued, was the rationale behind traditional family allowances as well. However, the similarities are weak indeed. Family allowances were paid to all mothers whether they worked or not and regardless of their income. Thus, they were more credible as benefits symbolically recognizing the social contribution of child-rearing, and compensating the cost of raising children, that is, for example, the National Child Benefit (NCB). In contrast, the specifically labour market objectives of the NCB are explicitly stated, along with the goal of reducing child poverty. The manner in which they are awarded - only to the working poor, without any extra benefit to the most needy, such as employable mothers on welfare<sup>5</sup> - negates the credibility of any other more traditional role such as recognition and compensation for parenting. Moreover, some jurisdictions are now considering extending in-work benefits to low-income earners without children. This further suggests that the NCB and its cousins are best understood as an active labour market policy rather than family policy.

For the state, in-work benefits have certain advantages as a labour market policy, especially in comparison to wage subsidies, which are a rather traditional instrument. Wage subsidies are easily exploited by employers who, regardless of the rules of the game, may drop an employee once his or her subsidy is finished and hire another subsidized individual in his or her place, or may replace existing jobs with subsidized jobs. Job substitution is difficult to control since, in most jurisdictions, employability agents do not have the right to systematically examine employers' books and impose penalties. Thus, the monitoring of employers' actions in this regard may be considered important, but can ordinarily only be done in an informal manner. Compared to wage subsidies, in-work benefits, paid to the worker, do not encourage job-substitution practices. They do, however, encourage the maintenance of low minimum wages. In fact, their dampening effect on wages is so pronounced that it may explain, in part, the recent UK decision to adopt a national minimum wage where none existed before.

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<sup>5</sup> The NCB is administered by the provinces, which have the right to use it as a direct contribution to the cost of supporting families on welfare. This is why welfare programs in both Ontario and Québec only cover adults. When the NCB was introduced, provincial welfare benefits were reduced to families with children by the same amount.

In sum, the concept of employability has evolved considerably since it was first introduced as a progressive, active labour market policy in liberal welfare regimes. In the 1980's, the accent was placed on enhancing human capital, developing skills and behaviours that were considered assets on the labour market. Eventually, it also came to embrace the elimination of obstacles to employment, through a minimum level of de-familialisation. Thus, childcare provision has risen on the list of priorities of liberal welfare regimes in the name of employability enhancement. Some measures, such as job subsidies, have been implemented to modify labour demand, in recognition that those newly defined as employable are the very end of the line in terms of labour market competition, and have to be given some edge in the market if they are to be hired at all. But labour demand-side measures, including job-creation, have never been enthusiastically embraced in liberal regimes where the emphasis is rather on the individual responsibility. They have been criticised for their distorting affect on the market, an accusation not widely levied against in-work benefits, despite their beneficial effects for the cost of labour to employers. This is employability in its most raw disguise: once all other means of enhancing an individual's exchange value on the market have been tried, lowering the price of labour has become the preferred means of improving the probability of obtaining a job.

All these strategies require social investment; the issue lies in which investments are considered more "valuable", or more likely to result in added value for the state in the future. As we have seen, in-work benefits increase potential workers' employability by making them able to sell themselves more cheaply on the market. However, they also increase the pool of people who depend on benefits of some sort or another. Why, then, would this strategy be appealing to liberal welfare regimes? One reason is that, more than the clearly *social* policies that de-commodify and de-familialise workers, the legitimacy of in-work benefits are easy to justify since the recipients are all employed, as good citizens should be. Furthermore, these types of benefits can be targeted to the most needy, maintaining a "charity" orientation with which these welfare regimes are more at ease, as opposed to a social "rights" (or, as it is often pejoratively called, "entitlements") orientation. Finally, as Myles and Quadagno (2000) have pointed out, negative income tax policies such as the NCB are highly susceptible to "stealth politics", that is, to incremental changes that are concealed in complex tax bills, the full significance of which is not always grasped, particularly by the media, so that the changes rarely come to debate in legislatures, not to mention more public forums. Is in-work benefits, then, a possible new basis for future policy in liberal welfare regimes? Does it represent a liberal sort of minimum annual revenue?

**Citizenship responsibilities and market rights**

The commodification of increasing categories of citizens by liberal welfare regimes such as Canada's has transformed a formerly protected zone of social policy into a quasi-labour market at the service of employers and economic policy. Indeed, rather than protect citizens, it protects the market from general upward pressure on wages at a time when wage inflation in the high-end, knowledge-based sectors is a serious threat. This makes it not only an acceptable, but even an extremely popular strategy with the business class. However, the NCB, for example, is intended to rise each year until such time that, ideally, it eliminates child poverty. Similarly, Tony Blair's pledge to eliminate child poverty in Britain by the year 2020 seems aimed to rely on in-work benefits. This means that the protection of markets against wage pressures will increase with the cost of living.

All the advantages that this strategy carries for liberal welfare states do not erase the fact that the size of the population relying on benefits is bound to increase. Not only do "welfare dependents" remain "dependent" when they enter the labour market, but increasing proportions of working families will eventually be eligible for benefits. Now, on the one hand, this may seem to be a stealthy, perhaps even unintended shift towards a new universalist social policy, where every working citizen and child has the right to a minimum income regardless of their individual employability and regardless of the functioning of the market. The Québec case might convince us that this could indeed be an eventual outcome. But a closer look at Québec shows that the essentially liberal side of its social policy contains certain traps that are less evident during an economic up-turn. Typically for liberal welfare regimes, Québec's benefits are miserly. They keep those who rely mainly on the state in deep poverty. The average poverty gap - that is, the gap between low income and the poverty line - is almost \$6,853; the poor in "social democratic-like" Québec are only slightly less poor than those in conservative, "neo-liberal" Ontario. In other words, the right to government benefits in Québec and Ontario does not alleviate poverty, but generates it for those who cannot compete in the market.

The extension of benefits to the working poor in liberal regimes thus has the sole potential to maintain people in *market* poverty. As the expansion of in-work benefits creates conditions under which the market is immune from labour supply pressure to keep wages somewhat in line with the cost of living, the state will have the responsibility to take up the slack through its benefit levels. However, if the level of state benefits in liberal welfare regimes tends to pull people into poverty rather than lift them out of it, then the expanding pool of low-wage workers, made employable only by the grace of benefits, will become increasingly poorer. Instead of this impoverishment being the result of market forces, it will actually appear to be the result of inadequate welfare policies that don't keep up with inflation and an increasingly dampened wage market.

This scenario represents the logical conclusion of the evolution of the concept of employability

and the practices it has inspired. The American Personal Responsibility and Work Opportunity Reconciliation Act, coupled with the Earned Income Tax Credit, provides an illustration. The definition of employability as the likelihood of obtaining a job means that any means of marketing the marginal is a legitimate active labour market measure. Time-limited welfare therefore increases peoples' employability by putting them a situation where they have no choice but to sell themselves as "basement bargains" in the labour marketplace. Since the price of their labour is insufficient to maintain them at a minimal level of subsistence, in-work benefits do improve their situation - but do not to pull them out of deep poverty. Their reliance on benefits makes it all the more possible for them to work and remain poor.

Esping-Andersen (2000) suggests that some version of this scenario may not be avoidable. He argues that low-end jobs in the post-industrial society - the types of service jobs such as childcare and elder care that are filled mainly by women, including the lone mothers we encourage to enter the labour market - cannot generate decent salaries because if salaries are too high, the demand will disappear. After all, these employable women are in direct competition with their own employers, who, despite the difficulties associated with time constraints, can do the job for themselves, for free.<sup>6</sup> **What creates the market for these post-modern domestic jobs is precisely their low wage. Esping-Andersen argues that the best we can do is subsidize these low wages, and de-familialise women to create the conditions that make it possible for them to participate in the labour market. He claims that the main reason for encouraging their labour force participation is that this, coupled with benefits, is the surest route out of poverty for them and their children. However, the logical trend of employability towards lowering workers value on the market, coupled with stingy benefits, does not augur well for a passage out of poverty for the majority of the working poor. Indeed, it is unlikely that benefits will respond as well to upward pressure as the market did, when it was left exposed to such pressure. Expanding dependency on benefits in liberal welfare states risks expanding poverty rather than reducing it. And this more likely to place *downward* pressure on benefits whenever the economy sours.**

**This scenario requires a whole new conceptualisation of social citizenship, of the relation between market, state and family. First, here we have a liberal welfare state that not only protects the market as far as possible from having to deal with social concerns, as it has traditionally done, but furthermore, protects it from the normal pressures of labour supply in a changing economy. That is the objective of new active labour market policies focussing narrowly on employability. From an original guise of enhancing the human capital of potential workers to help**

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<sup>6</sup> Thus, Québec's universal childcare policy has been criticized as a program for the middle class, even \$5 a day being exorbitant for the poor.

them adapt to new economic demands, it has evolved to a policy of subsidizing the wage costs of employers by maintaining, not an inactive population with social rights, but an active and economically accessible population with the responsibility to work. It is as though, just like international capital, liberal labour markets are now securing protection *by* states as well as protection *from* states.

Second, the social rights at the centre of this new model do not share the de-commodifying objective and effect characteristic of traditional social rights. They mediate the relation between individuals (or families) and the market, not by partially liberating them from its ties, but by strengthening those ties. Social rights become a correlate of commodification as opposed to de-commodification : it is the passage from welfare to work, circulating in the impoverished frontier between employability and employment, that grants eligibility to benefits. This takes us back to the observations of Orloff (1993) who recognized that women had first to be commodified in order to be de-commodified. The new liberal welfare paradigm seems ready to deliver on the first, but will it deliver on the second? Will it even be called upon to do so? The welfare state that Esping-Andersen projects relies more on de-familialising services to promote the commodification of mothers, than on de-commodifying benefits to make women's work-life as secure and rewarding as the traditional male career in the traditional welfare state had been. Employability as a citizenship status provides access only to the unrefined frontier of the labour market, where few of the rights that employment once guaranteed survive.

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