



## HEALTH CARE: A COMMUNITY CONCERN?

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## CHAPTER 6

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# **From Welfare State to Welfare Society?**

### **Crisis in the Welfare State**

By 1980 many of the western nations' welfare states were being challenged because they seemed to be too costly. Nor did they seem to be achieving the positive outcomes for society which had originally been anticipated. Socialist and Liberal ideologies were under attack from the neo-conservatives who wanted less of the social redistribution to go into social welfare programs and more into support of business investors.

An international conference of the Organization for Economic Cooperation and Development (OECD) countries was held in Paris to discuss the welfare state in crisis (OECD 1981). This conference was not focussed on ideological or political differences between the nations' approaches. Instead, its concerns were the narrowness or broadness of consultation on policy issues. The opinion leaders there concluded that the more successful welfare states were those in which the governments consulted with other power groups in society such as business leaders, trade union representatives, researchers and so on. The countries with Westminster systems of debate, where policy decisions were customarily taken in Parliament after discussion between government and opposition politicians, were thought to be less successful than those which sought "partnerships" with other community leaders.

At this conference a wide range of countries took part in a discussion of their financial problems and the difficulties of getting consensus on the way to address them. In the conference report, considerable attention was paid to the decision-making structures of European corporatist democracies (e.g., Sweden and West Germany) as compared with the decision-making struc-

tures of the parliamentary democracies (e.g., Australia, Canada and Britain). The crisis, as Benson (1982) and others saw it, had to do with the shift from feudalism to corporatism.

Feudalism refers to an interorganizational structure dominated by central (federal) government organizations. Corporatism involves initiation and control of policy arenas by the central government, including the incorporation of interest associations and the orchestration of the division of labour between organizations. Control from the center is not necessarily exercised by bureaucratic authority. Rather, such control can be exercised through the manipulation of incentives and funding formulas, through the distribution of authorizations (mandates, domains), through the control of information. (p. 174)

According to Benson this crisis could not be understood by analysis at the administrative level only; it was necessary to dig deeper, to look into the basic power structures of society, as the neo-Marxists (e.g., Habermas 1975; Offe 1984) had tried to do.

At the OECD conference, Wilensky (1981) described corporatist welfare states as being:

characterized by the interplay of strongly organized, usually centralized interest groups especially labor, employer and professional associations with a centralized or moderately centralized government, obliged by law or informal arrangement to consider their advice. In essence we see a consensus-making machine operating within a quasi-public framework to produce peak bargains involving the major issues of modern political economy — economic growth, prices, wages, taxes, unemployment and the balance of payments as well as social policy ... In these countries social policy is in some measure absorbed into general economic policy. (pp. 190-91)

## Partnerships

The concept of partnership is still somewhat unclear<sup>1</sup> but, following the OECD conference, the Canadian federal government gradually adopted the corporatist form of partnership, that is, developing more cooperative discussions with business and research leaders. Later as federal finances grew tighter, this corporatist concept was developed to include greater federal-provincial cooperation. A restatement of the federal government's approach to health policy development was entitled *Building Partnerships* (Canada 1991a). The federal government said that provincial governments must now

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1 For further discussion see Appendix A.

bear more of the responsibility for organizing and managing (and of course funding) health services. The word "partnership" is also used by research funding bodies to mean the development of joint projects with other potential funders or potential participant groups. And it is used particularly by the mental health services to describe network supports in the community for those with social support needs (Gottlieb and Selby 1989).

### **New Paradigms for Social Policy Making**

Kuhn (1965) has discussed how scientists tend to work within a paradigm which provides a general explanation for their approach to problem solving, how every now and again this paradigm is challenged and a new paradigm is proposed, and how scientists both adapt to and adopt this new paradigm. Kuhn's ideas can also be applied to social policy changes.

Some European analysts have suggested that welfare states which were almost entirely concerned with financial redistribution have been forced to reconsider their position. Pleiger (1990) proposed that the new paradigm for thinking about social policy should be called "the welfare society." This shift in the relationship between governments and their peoples has taken place at various points on the partnership continuum.

On the one hand governments have worked to develop corporatist relationships with businessmen, researchers and others following the OECD conference, and on the other, they have recognized the necessity for community participation and social networking if they are to work towards equality of consideration for all citizens (for this cannot be achieved by financial means, only by attitude changes).

### **Corporatist Partnerships**

Pleiger (1990) reported on a European conference on social welfare, which had accepted the need for a new paradigm in this way:

The political organization of advanced industrial countries seems to be in process of profound change. ... In the last decades overly large and centralized organizations and production structures have become increasingly transformed into loosely coupled profit centres. A quite similar development is taking place within contemporary structures of policy making. Policy-making arrangements seem to be developing into the direction of more decentralization and a higher degree of informalism as more and more governmental and non-governmental actors become sometimes formally, but very often also informally, integrated into policy making. Informalism, decentralization and sectoralization in policy making, by the creation of policy networks, can be understood as a political strategy for coping with increasing societal complexity. As

public resources become increasingly limited — despite the increasing scope of state intervention — governmental intervention into modern societies becomes more and more dependent on resource exchange networks. Through these networks financial resources, support and expertise can be mobilized from non-governmental actors. In such a context the formulation and implementation of government programs can therefore no longer be understood as the result of isolated governmental legislative and administrative action.

These relationships, institutionalized communication structures, and task/resource interdependencies, tying different policy-making actors into the policy process (agenda building, issue creation, program formation, implementation), recently have been conceptualized as the “policy network” — a network of organizations and institutions that virtually “generates” a given public policy.<sup>2</sup> (pp. 37–38)

In this new idea of “a welfare society,” the former power holders have to share their power with other groups of corporate decision makers.

And how else should a Canadian “welfare society” be organized?

### **Enhancement of Citizenship**

When Prime Minister Lester B. Pearson brought some Québécois Liberals into his Cabinet in the mid 1960s, one of them was Pierre Elliott Trudeau, who became Minister of Justice. Trudeau was concerned about the way in which less powerful minority groups in Canada were treated by others and made it his cause to bring in changes. In 1968 he proposed that a charter of rights should be introduced into Canada (Canada 1968). When he became Prime Minister one of his principal aims was to patriate the constitution. (The British North America Act, 1867, was an act of the British Parliament and any constitutional amendments had to be approved by the British Privy Council.) It took many years to reach agreement with most of the provinces on the change. (Quebec still refuses to sign.) However, in 1982 a new constitution was established under Canadian legislation. Appended to this constitution was the Charter of Rights and Freedoms which sets out the meaning of Canadian citizenship (Canada 1982a; Axworthy and Trudeau 1992).

While Trudeau was primarily responding to unrest in Quebec when he published his original proposal for a charter of rights, he hit other chords in Canadian society. There were a number of groups who were unhappy with the position allocated to them in the power structure, and the late 1960s and early 1970s was a time of radical challenge not only in Quebec but particularly among young persons and women across the country.

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2 See Appendix A for definitions.

The United Nations had begun to designate some years as being those which should focus on special groups' human rights. There had been years designated as such for women and children in the 1970s. The year 1981 was to be the International Year of Disabled Persons. By then in Canada leaders of the group of persons with disabilities had become well organized to press for change. They took full advantage of a parliamentary inquiry into social policies relating to their position in society (Canada 1981b,c) and were very successful in turning the recommendations of the special committee into reform activities.

A Human Rights Act had been passed in 1977 but it was revised (following the constitutional changes of 1982) in 1983. Four groups were picked out as disadvantaged persons whose needs should be given special attention if they were to realize full citizenship — women, native peoples, visible minorities and persons with disabilities.

### **Social Networking**

The International Year of Disabled Persons made it clear that the problems of this particular disadvantaged group<sup>3</sup> were related to the physical and social barriers which had long been taken for granted by the rest of society. It was pointed out in public inquiries into this group's situation that many of these barriers were attitudinal. Leadership was now provided about the way to make public attitudes change (as well as giving attention to physical barriers) and very different prospects opened up for persons with disabilities.

A major part of this change was seen to be related to the development of social networking with other members of the community — another form of partnership. There was a rejection of professional authority generally, a feeling that it had overstepped the bounds of expertise, had expected people who were in disadvantaged groups to make all the adjustments, and made them overdependent. It was thought that if community supports could be redeveloped then there were good chances that disadvantaged persons could realize their citizenship potential more fully.

### **Reviewing Ideology**

As indicated earlier, Canada's commitment to the redistributive welfare state was relatively weak. The Canadian welfare state was market oriented, providing limited social rights and having low commitment to full employment (Therborn 1987). Like the other market oriented welfare states it was readily open to challenge from neo-conservatives.

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3 The social needs of persons with disabilities, native peoples and visible minorities are discussed in Chapter 25.

The Liberals had been in power in Ottawa from 1935 to 1984 with only two short interruptions. The first of these — the Diefenbaker years 1958 to 1963 — happened during what has been called “the post-war consensus” on the importance of having a welfare state and the second — the Joe Clark government of the early 1980s — was a brief interregnum in which the consensus was not challenged.

The Liberals had some second thoughts about the Canadian welfare states’ financial redistribution policies when they really became aware that they were financially over-committed (Canada 1970a). Taylor (1978) has discussed the hesitations of the Finance Minister about the introduction of Medicare (1966). Johnson (1975) has described the outcomes of the social service review. By then the government had decided not to go through with proposals to introduce a guaranteed annual income or to improve the Canada Assistance Plan. At the same time housing policies came under review and the government withdrew from its earlier commitment to support public housing generously (Hallendy 1986). However, until they were ousted in 1984, the Liberals concentrated on finalizing the other collectivist programs which they had set out to implement. The health insurance principles were firmly restated in the Canada Health Act, 1984, and the post-secondary education programs were being set in place in universities and community colleges all across the country.

During the 1970s the Liberals had struggled to find ways of controlling the open-ended funding programs. They passed the Established Program Financing Act (EPF) legislation in 1977 and tightened conditional grant aid from the early 1980s onwards.

Revenues now fell short of expenditures. The national deficit grew and the federal government was forced to cut back its transfer payments to the provinces.

The Liberals were replaced by the Progressive Conservatives (PCs) in 1984. In 1985 the government’s concerns swung across to economic development and prospects (Canada 1985a), to supporting the Employment and Immigration Commission on developing new job strategy programs, to promoting technological advance in Canada. The redistributive programs of the Canadian welfare state began to create an enormous national debt as companies were relieved from taxes and national revenues dropped. The national deficit escalated very quickly from this time onwards.

The PCs found it difficult to cut back on transfer payments rapidly enough to prevent the national deficit from growing exponentially, and when they were voted out of office in 1993 the Liberals returned to power. They had to face the challenge of dealing with this issue, continuing to adapt to

the changed trading situation in which Canada now found itself and considering how to reform and restructure the welfare state.

### **A Shift to the Welfare Society Concept?**

In the meantime the concept of a viable welfare state had been changing internationally. The idea that financial redistribution alone was enough had been challenged in the late 1970s. But although there was more emphasis on attitude change towards a partnership society, the need for minimal income support of many Canadians continued. Nor was Canada anxious to cut back its support of universal social programs.

In Canada since 1980 there has been a broadening of the groups involved in policy making, for both federal and provincial governments have taken up the idea of partnerships. This term has a wide range of meanings from corporate collaboration to social networking. The idea of partnerships implies the destruction of big bureaucracies or, if these are to continue to exist, the bringing of other interest groups into planning and decision-making sessions. It argues for the empowerment of more citizens and the recognition of the contributions they can make to policy development as well as to service provision.

Further development of the welfare state/welfare society ideas will be addressed in Parts VI and VII which will consider reform and restructuring of Canadian and provincial social policies. The next two chapters will show why it is important to understand this wider context for discussing health service developments as Canada has moved towards implementing a social model of health care.

### **Summary**

By 1980 all the welfare states set up after the Second World War were having some problems. At an international conference it was argued that, in those which functioned more effectively, politicians had set up structures for consulting with businesses and other interest groups.

At the beginning Canada's welfare state had been mainly concerned with financial redistribution across the provinces and from richer to poorer individuals. In the 1970s Prime Minister Trudeau re-focussed attention on attitude changes, towards issues of human rights. He managed to append a Charter of Rights and Freedoms to the constitution which was patriated in 1982. Subsequent revision of the Human Rights Act, 1983, identified four disadvantaged groups — women, native peoples, visible minorities and persons with disabilities, who were to be given special care.

After 1980 the concept of partnerships at a number of different levels began to be explored (see Appendix A for definitions).

At about the same time as these significant changes were being brought in, Canada was beginning to face problems of overspending. Proposals to improve social minimum programs were not finalized as reformers had hoped. Greater progress was made in introducing health and post secondary education schemes but there was even more concern about finding the best way to encourage business developments in a changing global market economy. And as the years went by the federal government kept reducing its commitment to federal transfer payments to the provinces for paying for social programs.