

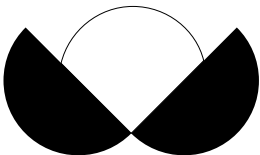
Discovering the Cape Breton Experiment

**By
Constance deRoche**

Discovering the Cape Breton Experiment

**By
Constance deRoche**

ISBN: 0-88627-314-5
August 2002



Canadian Centre for Policy Alternatives – Nova Scotia
P.O. Box 8355, 6175 Almon Street., Halifax, NS B3K 5M1
Tel: 902-477-1252 Fax: 902-484-6344
Email: ccpans@policyalternatives.ca
<http://www.policyalternatives.ca/ns>

Introduction¹

Officially it has been known (since early 1999) as the Cape Breton Community Employment and Innovation Project (CBCEIP). Locally it is called “the experiment,” based on an earlier but unpopular official name. Some concerned citizens describe it as workfare. Funded by Human Resources Development Canada (HRDC) and the Nova Scotia Department of Community Services, the program was conceived and is directed by the Ottawa based not-for-profit Social Research and Demonstration Corporation (SRDC). Irrespective of its name, however, an examination of the CBCEIP suggests that the project is *less innovative than it might appear*. For example, it is in some ways similar to old-fashioned job creation (“make-work”) projects. It also shares a fundamental assumption with workfare programs, which have already been tried: namely that what needs fixing is workers, not the lack of work. This very assumption, in fact, makes success dubious since the project’s goal is to help people get back to work without doing anything to ensure that jobs will be available to them.

Workfare Programs

The CBCEIP aims to generate jobs, that will last *up to three-years*, for employment-insurance (EI) claimants and social-assistance recipients (SARs) in Cape Breton who, in return, forego their government transfer payments. Government-sponsored short-term job creation is, of course, seen as a thing of the past. More popular these days are efforts to bounce folk off the social safety net and into paid employment. This, in fact, is what “the experiment” expects to do and to document. It is, in essence, a variation on “welfare-to-work” programs that have become popular in the U.S. in recent years, and have been emulated elsewhere in Canada.

Such programs can most readily be called “workfare” when SARs are *required* to work in exchange for benefits, based on the notion that

basic subsistence is *not* a right of membership in a political community. The term has also been extended to programs that demand preparation for labour-market participation (e.g., training, or job-search and career counseling). The rhetoric surrounding Canadian programs (in contrast to those in the US) emphasizes training and assistance (e.g., ‘a hand up not a hand out’). Mandatory “welfare reform” efforts – sometimes combining both work and training – have been undertaken by Quebec, Ontario, and Alberta. The Cape Breton program appears to be more benign in that (like those in New Brunswick) participation is officially voluntary. Since evidence suggests that previous efforts have produced more pain than gain,² why try again?

The “Experiment” and its Objectives

The Cape Breton program is not designed to demonstrate the value of voluntary participation. Rather, it is meant to rigorously and systematically document the effects of a program aimed at promoting workforce participation. That is, the purported innovation here lies in the program’s experimental nature: from a pool of 1500 qualified volunteers, 750 randomly selected individuals are placed in jobs (that is, become the “program group”), while the remaining serve as a “control group.” Eventually, researchers compare the two groups to discover which does better at finding jobs in the free labour market. Underlying the design is the expectation that the work participants will be more successful than control-group members. That is, SRDC suggests that program-group members “will acquire new skills, new work habits, and valuable work-related networks and attitudes that may lead to greater long-term employment success.” In brief, the experiment is testing a way to get people off the government payment rolls and into the labour market, though the SRDC’s web site bills it as an investigation of “the practical and financial feasibility of developing a new strategy for delivering transfer payments to individuals.”³ In this sense it is meant to provide a public benefit,

that is, to lower the cost of government services.

Officials claim that the experiment is meant to generally enhance community capacity through citizen participation in job creation and some project administration functions.

Jobs are created as local organizations propose specific projects aimed to serve the general public or some needful constituency. If approved by one of four local community boards established to vet proposals, the project is assigned workers whose salaries are covered by the CBCEIP. Thus, the CBCEIP claims to benefit not only the transfer-dependent population but all residents of Cape Breton's former industrial area. In the ideal the experiment seems unquestionably beneficial and sensible, but is it?

Assessing the Experiment

Will CBCEIP make a difference? What kind of difference will it make and for whom? Is it worth an investment of tax dollars, of effort, of hope? A closer examination of its principles and procedures suggests that CBCEIP will deliver little, if any, long-term value to the jobless or to the regional economy. It can, however, be seen as bolstering a neo-liberal point of view on the needful that has come into political vogue in recent years.

The Price Tag

In view of the lean-and-mean political climate of recent years, it is worth taking a look at the experiment's \$40 million price tag. The infusion of this wealth into the ailing Cape Breton economy has been used as a selling point. Critics note though that most of this sum is not "new money." As SRDC itself acknowledges, \$27.5 million would have flowed into the region in social-assistance and employment-insurance payments anyway. This observation, of course, allows advocates to retort by noting that the experiment is not so costly as it might seem. This is not to say that \$12.5 million is anything to sneeze at, and it is fair to ask: where is the bang for all those bucks?

Training

Logically, the experiment rests on the assumption that transfer-payment recipients are wanting — they presumably lack something needed for entry into the labour force — and that participation in the program can correct this deficiency. As noted above, SRDC describes the project as a source of new skills. We might thus expect the CBCEIP to offer specific training in marketable skills geared to the participants' existing capacities. But it offers no such thing. There is no built-in effort to identify appropriate marketable skills, and no systematic attempt to create positions that offer marketable on-the-job training. There are no minimal on-the-job training standards to which employers must adhere. In fact, there is no obligation to provide any training. The training component of the program is nothing more than the job experience (which the EI recipients already have), along with whatever informal instruction an employer might provide. Moreover, training opportunities will be limited by the ability of organizations to devote existing, usually scarce, resources to providing the job training for the program participant. Rather, jobs are generated by community organizations to meet their own immediate needs. In brief, the program is designed to "train" participants in fairly simple skills that can be learned on-the-job with, at best, some assistance from volunteer community activists. Indeed, at public information sessions an SRDC official implied this by providing hypothetical examples of program jobs such as house painting or helping the elderly.

What is truly remarkable is the rationale given on the SRDC web site,⁴ which notes that, given the logic of the project, providing job training would undermine the "random assignment" approach to the experiment. This is to say that if the "program group" (those exchanging transfers for jobs) got training and the "control group" (those randomly chosen to remain on SA or EI) did not, the data collected from the project would be tainted, because the former would have an unequal advantage when looking for work in the labour market! But is that not the point of experimental

design (i.e., to figure out if an intervention has an effect)? The apparent post hoc rationalization⁵ translates to this: the project is not designed to assess the affect of training on success in finding employment. But accepting this rationale means that the experiment is compromised if any participants' work experience imparts significant new skills. So, is the point of the experiment to test the effect of haphazard on-the-job training? Might the point of the whole CBCEIP undertaking be to legitimate the state's withdrawal from retraining?

Making Connections

Networking is another purported benefit of participation. An official spokesperson for the experiment has noted that project employers will be available to provide future job references for participants. This benefit hardly seems significant to participants drawn from the EI rolls (two-thirds of the participants); they would, by necessity, have had recent employers/supervisors. The comment also reflects an all-too-common stereotype of SARs as long-term public dependents, a bias that data do not bear out.⁶ Moreover, any form of make-work project would have the same effect. So, why not simply call it make-work?

"Make-work" clearly carries the wrong political and ideological baggage. Politicians have to look as if they have fresh ideas. Old style liberalism – as associated with the welfare state – has fallen out of fashion. Now, neo-liberalism – the gospel of the free-market – promises to lead us to the holy grail of global prosperity. Make workers (not make work) is now politically correct.

The project reveals its neo-liberal bias in another way. As the SRDC web site puts it, the project provides "new employment opportunities for individuals who are receiving public income assistance" (emphasis added).⁷ Note that EI recipients are collecting insurance benefits, for which they paid premiums. Would SRDC define all insurance claimants as beneficiaries of assistance? Or is it that public programs are simply unacceptable to free-market opponents of the post-WWII welfare state? SRDC's rhetoric here insinuates that clients of state programs are somehow wanting. In fact, there is

more extensive evidence that this attitude frames the CBCEIP.

Making Workers vs Making Work

Recall the other benefits that the SRDC web site mentions: "new work habits . . . and attitudes" that might bring longer run employment success. This description sounds much like a veiled indictment of the jobless; it implies that character flaws underlie their plight. In a recently de-industrialized economy that cannot provide paid work for thousands of job seekers and where hoards turn out whenever a firm (such as a new call centre) announces plans to hire, this implication seems indefensible.

In general, then, the CBCEIP, no less than other welfare-to-work projects, represents a victim-blaming approach. It assumes that the unemployed are to blame for their inability to find work. The cause of their situation is not the lack of jobs but their lack of skills, poor work habits and poor attitudes. Such an approach to unemployment is misinformed at the best of times, but it is especially distressing to find such an approach being applied to "industrial" Cape Breton in the midst of a labour-market collapse, which has entailed the loss of some 2,300 reasonably well-paid industrial jobs since 2000.

What Cape Breton needs is an infusion of reasonably remunerated stable jobs. Despite a boom in the call-centre trade and continuing out migration, official unemployment has only fallen to about 15%. CBCEIP, however, does nothing to create sustainable employment. At best, the public has been told, some projects sponsored by the experiment could potentially lead to the establishment of co-ops or small businesses. Clearly, these would be mere incidental by-products. The experiment does nothing to foster regional economic growth. It is difficult to imagine that volunteers' job prospects will be much improved after their period of participation.

Making Sense/Taking Blame?

In fact, the experimental design makes little sense in the severely depressed economy of Cape Breton.

The region, again, continues to show notoriously high unemployment rates, even when measured officially (which is to say, conservatively) and despite unusually low levels of labour-force participation. If jobs are a very rare commodity, it is hard to imagine that members of the project group will have a great deal of luck graduating from the experiment to the regular regional workforce. The logic of the experiment requires that jobs be available. As a test of the welfare-to-work strategy, it is meaningless when undertaken in a labour market like Cape Breton's.

Indeed, given its location, the experiment seems destined to fail. It is curious, even troubling, that a major government department would invest in a project situated in such an inappropriate site. Likewise, we must wonder why SRDC, as a private agency that does business with HRDC, would be willing to risk its reputation and, possibly, in turn, its prospects. More worrisome from a Cape Breton viewpoint, however, is the possibility that failure will lay the region open to scapegoating.

This brainchild of commercial researchers and government officials in Ottawa merely offers an alternate means by which community groups can access short-term labour. However, according to company's web site, the project was "designed to build capacity among communities to create their own solutions for economic development"(emphasis added).⁸ Thus, if SRDC's claims are taken seriously, the project puts the region's (already poor) economic reputation at risk. Failure may make the problem of Cape Breton joblessness appear incorrigible, especially to those who already perceive the poor as blameworthy.

Fostering Migration?

Labour migration is always a possibility for participants at the completion of the program, though this is an unfortunate option for Cape Bretoners who have already seen too many of their compatriots forced to "go down the road" of late. One of the experiment's officials conceded privately that participants might well have to join the migrant stream. Indeed, the logic of the experiment (i.e., making workers not work) would seem to mandate

some effort to facilitate migration to more active job markets. There is none. Of course, any such thing would incite energetic opposition in Cape Breton, as well as make the project more costly and less manageable. Those who would be willing to accept the disruption and uncertainties surrounding migration face a financial burden as well. Resettlement is costly (even with help from family and friends). Saving-up for a move will be an extraordinary challenge given the \$280 weekly wage (\$14,560 yearly) offered to participants.

So, Where do the Benefits Lie?

Participants' incomes hardly improve, with the exception of childless unmarried SARs and those laid off from quite poorly paid jobs. All told, for example, a single parent with two children has no more disposable income than she would have had on social assistance. The project will save, for a time, some EI recipients from the embarrassing prospect of resorting to welfare. As luck might have it, some participants may get useful on-the-job (re)training.

A number of community organizations get a bit of free labour, if they can meet the infrastructure costs related to the projects they undertake. Insofar as the organization of community-service activities builds that nebulous phenomenon known as community capacity, the experiment can be credited for promoting it. Interestingly enough, though, Cape Breton's tradition of community activism is among the ostensible reasons for locating the experiment in the region. Cape Bretoners have always made good use of public job-creation funding. Yet the experiment appears to be straining that capacity. Coming up with 750 is proving to be a considerable challenge for the four targeted communities, whose total population is under 50,000. It has been four years since SRDC and HRDC signed a formal funding agreement for the five-year experiment. To date, about a 140 projects, employing 400 workers, have been put in place. CBCEIP has widened its net to include a fifth community, and it is now being described in the media as an eight-year endeavor. Calls for project ideas still periodi-

cally appear in the Cape Breton Post, and to the same end, in early June (2002), the public was invited to view a promotional video that the CBCEIP made about itself.

Cape Breton benefits financially in another respect. Of the \$12.5 million in “new money,” only \$1.5 to 2 million is said to be earmarked for services rendered by Ottawa-based SRDC, and \$6 million is to be spent in Cape Breton for research, consultation, and administration. Public communications are unclear about where the remaining monies will go. Presumably, some local professionals, who find the model acceptable, get the benefit of employment and experience. Besides its fee for service, the SRDC gets to add the CBCEIP to its fund of experience with politically stylish socio-economic interventions (like others it has undertaken with HRDC sponsorship).

The province gets a small reduction in its social-assistance costs, since HRDC provides a substitute income for up to 250 SARs for as long as three years. Both levels of government get to pour old wine into new bottles and claim credit for producing an improved vintage. That is, as noted, the project fits well within the currently ascendent neo-liberal (i.e., radical free-market) policy framework: it is, at heart, a job-creation program, but one that wears a mask. On the face of it, the CBCEIP looks innovative and fiscally responsible. Irrespective of its longer-term outcome, the project makes for good political rhetoric. It can readily be described as a “hand-up, not a hand-out.” It holds the public purse at arm’s length (offering funds through a private company), and does so in the spirit of future savings by acting on the premise that the market not government will provide, and only so long as individuals are prepared to assume responsibility to serve the market’s needs.

At one of the 1999 public sessions, a local CBCEIP champion berated well-paid, securely employed critics for speaking against the opportunities the project was offering to the far less fortunate. Prospective participants, while recognizing the project’s limitations, have pronounced themselves grateful for any means of earning a living. But to critique the project is not to patronize par-

ticipants or wish them less than has been granted them. Rather it is to assert that Cape Bretoners deserve something better than short-term work for poverty level wages.

It would be facile to tack on to this critique a proposal for eradicating the chronic un- and under-employment experienced by Cape Breton, as well as many other regions in the industrialized world. Decades of policy and programming alternatives, some targeted specifically at the Island, have been devised, but to little avail. Government financial incentive programs aimed to lure large-scale industry have left a sorry legacy. Public ownership of the main heavy industries has been deemed a costly failure. But those in the forefront of political fashion – who might suggest that free-market policies (including welfare-to-work) – deserve a chance, need to be reminded that those policies are anything but new and fresh. The laws of the marketplace are what create Cape Bretons. Policy alternatives may be needed. The experiment is not one of them.

Where workforce preparation is concerned, there is room for many experts. But one general type is rarely recognized as such, much less carefully consulted: that is, the target population. Hearing voices from that quarter is perhaps most crucial.⁹ How else can a program be designed that is appropriate to people’s perceived needs, constraints, and hopes. It seems eminently reasonable to propose that recipients should become true participants in the design, implementation, and evaluation of programs that involve them; and that programs be judged for their efficacy in improving lives rather than political expediency.

Constance deRoche, Ph.D. is a professor in the Department of Anthropology-Sociology at University College of Cape Breton. She has published articles on social issues, including workfare and community development.

Endnotes

1. Readers may also wish to consult “Workfare’s Cousin: Exploring a Labour-force Enhancement Experiment in Cape Breton,” an article also by Constance deRoche which appeared in the *Canadian Review of Sociology and Anthropology* 38.3: 309-335. It develops, in greater detail, most of the points treated in the present essay.
2. Shragge, E., ed. 1997. *Workfare: Ideology for a New Under-Class*. Toronto, Garamond Press.
3. <http://www.srdc.org/english/projects/CEIP.htm> accessed June 2002.
4. <http://www.srdc.org/english/about/ra.htm> accessed June 2002.
5. No mention was made of training while the project was being introduced to the communities by SRDC and HRDC staff in the summer of 1999. The matter of training was an issue raised by vocal local critics. The fear of tainted data seems like an effort to use specialist jargon to silence critics. In fact, there have been sporadic references, in the Cape Breton Post, to CBCEIP training: For example, one program approved by New Waterford’s CBCEIP community board involved “training sessions . . . on how to deliver a program in anger management and decision-making” delivered by “officials from Restorative Justice” (7 March 2001, p. 18).
6. Economic Council of Canada. 1992. *The New Face of Poverty: Income Security Needs of Canadian Families*. Ottawa; Krahn, H., G.S. Lowe, T.F. Hartnagel and J. Tanner. 1987. “Explanations of Unemployment in Canada.” *International Journal of Comparative Sociology*. Vol. 28, pp. 228-236; National Council of Welfare. 1998. *Profiles of Welfare: Myths and Realities: A Report of the National Council of Welfare*. Ottawa: National Council of Welfare; Reed, A. “The Underclass as Myth and Symbol: The Poverty of Discourse About Poverty.” 1990. *Radical America* Vol. 24, No. 1, pp 21-42.
7. <http://www.srdc.org/english/projects/projects.htm> accessed June 2002.
8. <http://www.srdc.org/english/projects/projects.htm> accessed June 2002.
9. There is a good bit of social science literature that demonstrates the practical importance of taking grassroots perspectives into account. In this respect, one especially helpful study, of World Bank and USAID projects, is: Kottak, Conrad Phillip. 1991 “When People Don’t Come First: Some Sociological Lessons from Completed Projects.” In *Putting People First: Sociological Variables in Rural Development*, 2nd ed., M. Cernea, ed. New York, Oxford University Press. For a discussion of a successful participatory educational up-grading program, see deRoche, C., and J. deRoche. 2000. “The Withering of the State: A Case Study of a Neo-Liberal Experiment in Social Service Programming.” *High Plains Applied Anthropologist* Vol. 20, No. 1, pp. 39-52.