

Retrenchment in Ontario and British Columbia: Do Provincial Governments Cut Child  
Care in Tough Economic Times?

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Retrenchment in Ontario and British Columbia: Do Provincial Governments Cut Child Care in Tough Economic Times?<sup>1</sup>

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Since the 1980s, Canada and other western democracies have moved away from Keynesian models of the welfare state in favour of neoliberal approaches that emphasized reductions in social spending. This shift ostensibly occurred so states could better promote economic prosperity, bolster individual control and widen choices in available services (Brodie 1996). Women in Canada, along with other western states, have generally been more dependent on the state than men, because they are poorer and more often assume the unpaid task of caring for dependants (Maillé 1991). As such, a rich and growing body of literature has explored the increasingly common trend toward government retrenchment of welfare state policy and its consequences for women. Sylvia Bashevkin argues that "poor, female, minority, and hence relatively weak political constituencies" have suffered the most (2000:36).

In Canada, the federal Mulroney Conservative government used the spectre of growing budgetary deficits in the later 1980s to justify welfare state cuts; it then continued this neoliberal approach in the 1990s to keep Canada "competitive" (Brodie 1996:6). Evidence also shows similar restructuring trends occurring provincially in Ontario under the Harris Tories in the mid-1990s and more recently in British Columbia under the Campbell Liberals. According to Rand Dyck, provincial retrenchment convergence has been evident since the 1980s with more and more provinces embracing

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<sup>1</sup> This paper is one part of my larger thesis dissertation, which deals with government responses to women's movements in the areas of child care and violence against women in Ontario and BC between 1970-2000.

common policies including balanced budgets, cuts to welfare state programs and reduction of overall spending levels (1996:656).

At the same time, and in large part as a result of neoliberal approaches to welfare states, fiscal responsibility for social program delivery has been steadily downloaded from the federal to the provincial level. This was evident in the 1990 cap on Canada Assistance Plan (CAP) payments to the three "have" provinces (Alberta, Ontario and BC) and the reduction of transfer payments through the introduction of the amalgamated Canada Health and Social Transfer, which replaced CAP in 1996-97. Thus the provinces have assumed more and more responsibility for welfare state programs of particular interest to women, including child care<sup>2</sup>, which has traditionally been a shared-cost social program funded under CAP.

Researchers who study child care have also begun to assess the impact of restructuring and retrenchment on child care programs in Canada, along with other western democracies (Jensen and Thompson 1999, Jensen and Sineau 2001, Michel and Mahon 2002). Jensen and Sineau (2001) suggest that even though jurisdictional diversity has increased with the fiscal downloading of responsibility for child care delivery, there is also evidence of convergence with respect to state and sub-state willingness to cut costs and save money on child care programs. At the same time, Canadian child care advocates have been lobbying for a pan-Canadian, universal child care program. Yet as the pressures of welfare state restructuring have increased sub-state responsibility for child care, the goal of a national child care program seem to be slipping away.

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<sup>2</sup> Child care is defined in this paper as "a range of care/education arrangements for children under the age of 12 outside their immediate family and outside ordinary school hours." Most Canadian advocates stress that child care is not just to cover the time that parents work but also includes part-time day programs to provide supplementary care for socialization and/or early childhood education purposes (Friendly 1994:13).

However, it is not clear whether or not child care services and programs have consistently suffered since federal and provincial governments have appeared to increasingly adopt neoliberal approaches to governing. This paper seeks to examine whether or not provincial convergence in child care delivery has occurred in a negative context. More specifically, it asks whether provincial governments have cut child care programs since the 1980s or whether significant diversity in provincial commitment to child care services has endured despite the broader trend toward welfare state retrenchment? Since governments have generally turned to retrenchment in order to improve overall economic performance, particularly during tough economic times, are provincial governments more willing to cut back on child care expenditures and services when economic times are bad?

In order to answer these questions, this paper begins by setting out a brief theoretical discussion of welfare state policy convergence and divergence. It then outlines the choice of cases and comparative methodology used in the analysis. The paper then sets out the empirical evidence by comparing the economic contexts in Ontario and British Columbia with child care expenditures, programs and policies between 1980-2000. Finally, it concludes by answering the questions posed above and considering the impact of welfare state restructuring on child care services in these two provincial cases.

### **Welfare State Convergence or Divergence?**

Colin Bennett argues that those who study policy convergence need to view it as "a process of 'becoming' rather than a condition of 'being' more alike" and thus it is not

just a synonym for "uniformity" (1991:219). By doing so, he argues that researchers can avoid problems of conceptualization inherent in many convergence studies and will be able to correctly identify true policy convergence where it exists. His approach also leaves room for some level of policy diversity in comparative convergence studies, as long as there is "movement over time toward some identified common point" (Ibid). This position also assumes that research that uncovered evidence of welfare state convergence would conclude that all governments were moving toward neoliberal goals of reduction of the welfare state, despite differences in ideological positions among different state actors. This challenges arguments made by the partisan theory of public policy that argues that different party governments diverge in their policy decisions based on largely ideological differences (see for example Schmidt 1996; Castles 1982; Hicks and Swank 1992).

There is solid evidence of general welfare state convergence in the literature. Bashevkin's comparative study of the US, UK and Canada concluded that welfare state retrenchment was present between 1980-2000, despite the fact that different party governments held power during these years (2002:14). Studies by Olsen (2002) and Brodie (1996) also draw similar conclusions. Dyck's (1996) observation of provincial neoliberal convergence was also made based on an analysis of a variety of different party governments. These studies seem to suggest that party government differences are muted under the broader trend toward welfare state convergence.

For the purposes of this paper, if significant provincial convergence can be found in the child care field along the same lines as welfare state retrenchment trends, we can further conclude that the partisan theory of public policy is less convincing in its

assessment of welfare state policy. On the other hand, if we can establish significant policy divergence, even during tough economic times when retrenchment trends are most likely present, we can begin to raise questions about the existence of overall welfare state policy restructuring and its impact on women's lives. This would reaffirm claims made by the partisan theory of public policy, particularly if diversity occurred between different party governments. As well, it would lend support to authors such as Paul Pierson (1994) that argue that the welfare state has been remarkably resilient, despite the tendency toward neoliberal retrenchment politics.

### **Comparing Ontario and BC**

In order to shed light on provincial welfare state restructuring and to clarify trends in child care policy in Canada, this paper will measure the progression of provincial government child care expenditures and child care policies and programs between 1980-2000 in Ontario and British Columbia. It will compare these results to the economic contexts in each province during this time frame. Thus the paper will measure the impact of overall welfare state retrenchment convergence, which began during the 1980s, and will also highlight whether child care programs and policies were cut when economic times were bad.

It is important to study the impacts of economic context and retrenchment convergence on child care programs because child care was one of the four key recommendations of the federal Royal Commission on the Status of Women in 1970. Calls for improvements to child care delivery have also been crucial to advancing women's overall efforts to move toward greater equality. The paper focuses on the

provincial level because the federal government has downloaded more and more responsibility for women's programs, including child care, to the provinces. The sub-state level has also increasingly been the site of child care policy innovation and sub-national movement activity (see for example Jensen and Thompson 1999 and Doherty, Friendly and Oloman 1998).

Ontario and BC were chosen for this study because prior to 2000 they were both "have" provinces in the federation and were impacted greater by social policy downloading, particularly since 1990, while at the same time being in generally better fiscal positions to autonomously support welfare state services. As well, both provinces were governed at certain time-points by decidedly neoliberal regimes that demonstrated a willingness to cut welfare state programs in order to balance budgets. Finally, both provinces also saw variety in government during these twenty years, as left- and right-wing parties held office.

This paper establishes provincial economic context by identifying periods of economic prosperity or boom periods versus economic downturns or recessionary periods. Provincial budgetary surpluses and deficits are also included in the economic variable measurement. The paper then measures child care expenditures as a percentage of overall program spending for each province between 1980-2000. However, it recognizes that negative changes in programs and policies can often be hidden behind aggregate spending statistics, so it also qualitatively measures significant changes in policy during these years.<sup>3</sup> The paper recognizes that economic context is not the only policy determinant considered by governments, however, by comparing policy choices

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<sup>3</sup> Policy is compared to feminist demands by provincial child care sub-movements to ascertain whether it is negative or positive toward movement demands.

made under different economic scenarios, it strives to help us understand the impact of a weak economy and fiscal position on child care programs and expenditures and how this has been affected by overall trends toward welfare state retrenchment in these two cases.

## The Economic Context in Ontario

**Table 1 – Summary of Economic Booms and Recessions in Ontario 1980-2000**

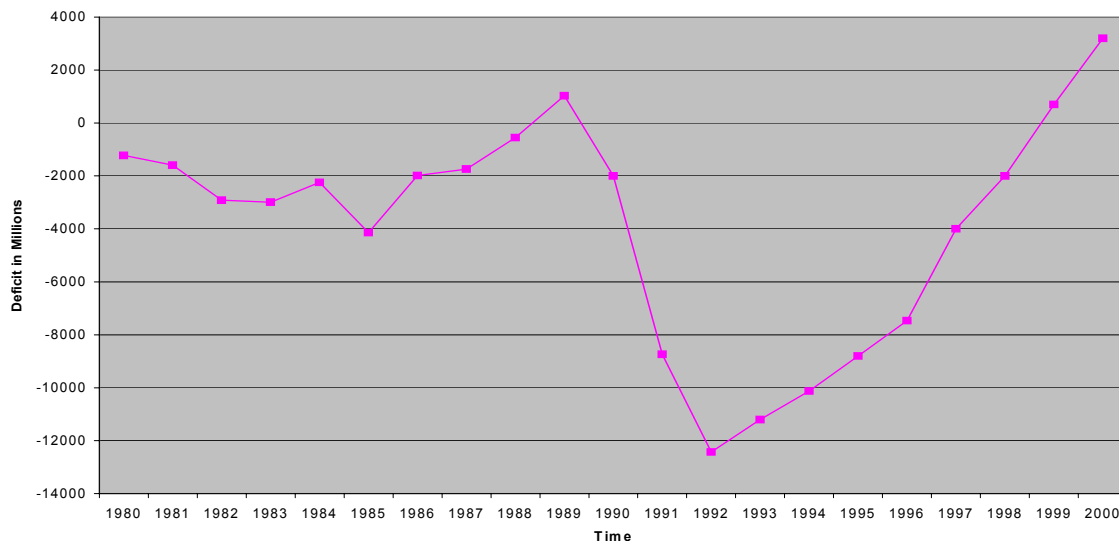
Years	Periods of Economic Boom or Recession
1980	Recovery
1981 – 1982	Recession
1983 – 1989*	Mini-boom
1990 – 1995	Recession
1996 – 2000**	Boom

Sources: Summaries compiled by the author from unemployment statistics, GDP statistics, and Credit Rating statistics as well as secondary provincial economic studies (See Ip 1991; Prince 1989; and MacDermid and Albo 2001).

\* There is some disagreement on whether the boom started in 1983 or 1984.

\*\* There is again disagreement on whether the boom started in 1996 or 1997.

**Graph 1 - Ontario's Budget Deficits and Surpluses**



Sources: Statistics Canada 1992, Courchene and Telmer 1998, Ontario Budget 2001.

Even though Ontario began the 1980s in good economic health, it was hit by a Canada-wide recession, which led to sharply negative GDP growth in 1982, then



rebounded significantly in 1983 and 1984 to positive gains of 6% and 9% respectively. Unemployment figures also rose in 1982 and 1983. Although Ip (1991) argues that 1983 was a difficult year for the province, others argue that the next mini-boom began in that year and lasted until 1989 (McDermid and Albo 2001). This mini-boom was not shared across the country, where most other provinces continued to suffer a recession (Brownsey and Howlett 1992:162). In Ontario, the governing Liberal party went on to increase social program spending dramatically during these boom years, just as others in Canada turned to welfare state retrenchment. This prompted some economists to refer to the period as “Ontario’s own ‘Quiet Revolution’” (Courchene and Telmer 1998: 73). Even with sharply higher government expenditures, Ontario posted its first budget surplus of the period in 1989 (see Graph 1), as the strong economy helped eliminate the deficit.

In 1990, Ontario plunged into a particularly harsh recession when the manufacturing sector was crippled by high interest rates, a strong Canadian dollar and “structural adjustments to increased global competition” (Ip 1991:150). The 1990 downturn was further exacerbated by negative fallout from free trade agreements and higher levels of program expenditure under the NDP government (Courchene and Telmer 1998:41). Unemployment levels rose to record levels in 1992 and 1993, and growth in real GDP significantly declined between 1990-1993. Graph 1 shows budget deficits returned in 1990 and hit an all-time low in 1992. Not surprisingly, the provincial credit rating was downgraded in 1991 and again in 1993.

The Ontario economy recovered in 1996 and following, fuelled by an increase in exports to the United States. Particularly relevant were strong performances in the Ontario automobile, telecommunications and computer sectors (Ibbitson 2000).

Employment levels also rebounded by 1997, as the province benefited from “the lowest interest rates, the lowest inflation rates and the most competitive economy since the Robarts era” (Courchene and Telmer 1998: 47). This economic boom lasted until 2000, returned the government to budget surpluses in 1999, and helped raise the provincial credit rating slowly between 1999 and 2002.

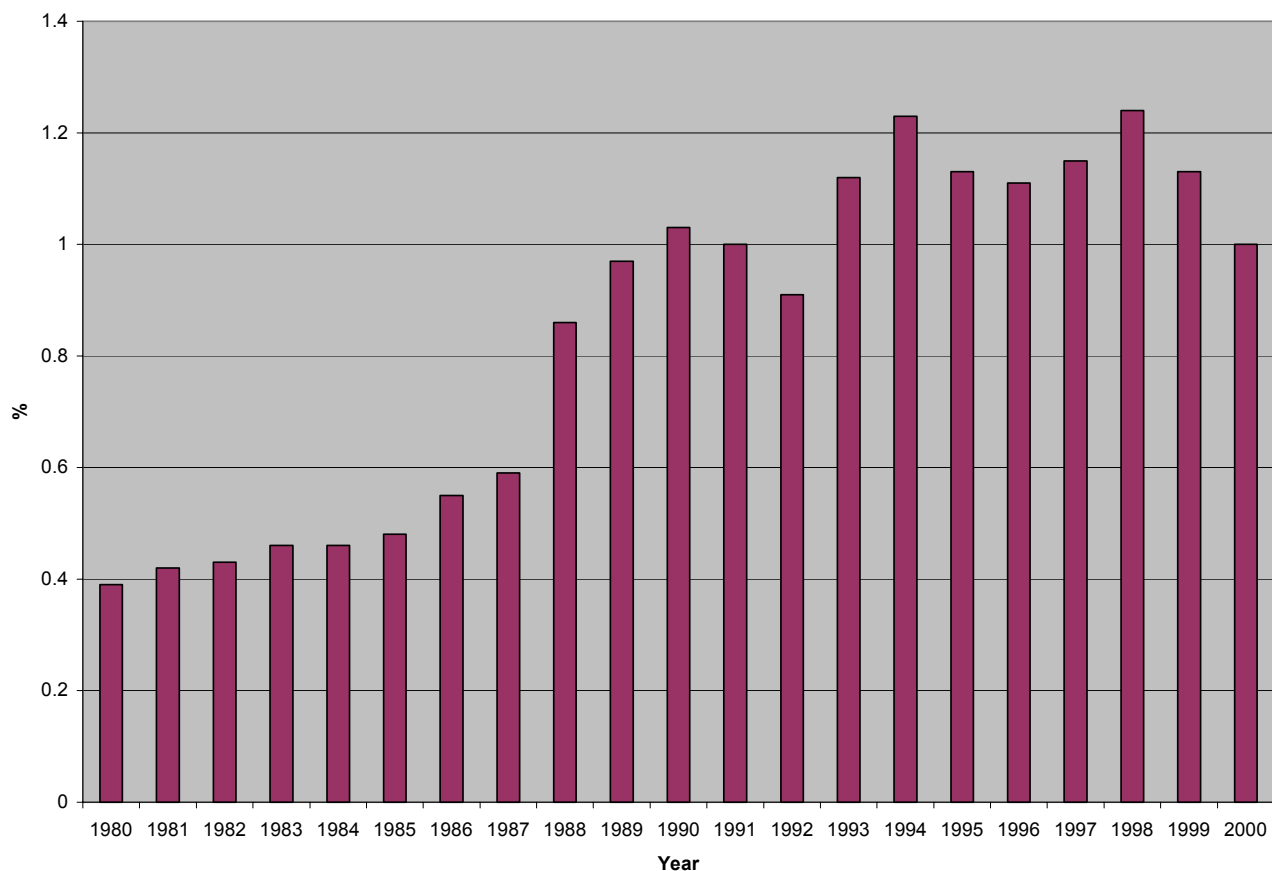
### Child Care Expenditure and Policy in Ontario

**Table 2 - Ontario Governments**

Year	Party	Leader	Popular Vote (%)	Seats
1977	Progressive Conservative*	Bill Davis	40	58/125
1981	Progressive Conservative	Bill Davis	44	70/125
1985	Progressive Conservative	Frank Miller	37	44/125
1985	Liberal/NDP Accord	David Peterson	38	48/125
1987	Liberal	David Peterson	47	95/130
1990	NDP	Bob Rae	38	74/130
1995	Progressive Conservative	Mike Harris	45	82/130
1999	Progressive Conservative	Mike Harris	45	59/103

\*Note - The Progressive Conservatives had been in power since 1943 under different leaders. The period 1943-1985 is often referred to as the Tory Dynasty.

Source: Dyck 1996, Dunn 1996, Drummond and MacDermid 1997, [www.electionsontario.on.ca/results](http://www.electionsontario.on.ca/results).

**Graph 2 - Ontario Childcare Expenditure as Percentage of Total Program Spending**

Sources: Calculations made by the author from data drawn from Ontario Public Accounts 1970-2000, Ontario submission to Federal/provincial/Territorial Working Group on Child Care 1986, Kyle et. al. 1992, Skelton 1992, BC Task Force on Child Care 1991, Child Care Resource and Research Unit 1993, BCDCAC 1987, Child Care Branch MCSS 1996, Child Care Resource and Research Unit 2000.

**Table 3 – Significant Child Care Programs and Policies in Ontario 1980-2000**

<b>Year – Party</b>	<b>Policy/Program</b>	<b>+/- Rating</b>
1980 – PC	Day Nurseries Act amended re funding levels for disabled child care services	+/-
1985 – PC	Enterprise Ontario announced including New Child Care Initiatives	+
1985 – Liberal	Child Care Initiatives in Enterprise Ontario implemented along with further increases in subsidy funding	+
1987 – Liberal	New Directions for Child Care released including Direct Operating Grants offered to non-profit centres and private home day care to increase staff salaries and benefits. The 50% provincial share was also offered to commercial centres	+/-
1991 – NDP	NDP announces Wage Enhancement Grant	+
1991 – NDP	The Conversion Program is announced	+/-
1992 – NDP	JobsOntario program initiated	+
1995 –	Early Years Program announced by NDP	+

NDP		
1995 – PC	Early Years Program cancelled	-
1995 – PC	JobsOntario child care subsidies reduced	-
1995 – PC	Funding supporting inclusion of child care facilities in new school sites cancelled	-
1995 – PC	Conversion Program cancelled	-
1995 – PC	Policy limiting new subsidies to non-profit programs was reversed	-
1996 – PC	Proxy mechanism of child care Pay Equity eliminated	-
1996 – PC	\$4,500 pay cut for all child care workers in non-profit centres	-
1996 – PC	<i>Improving Child Care in Ontario</i> policy review released (the Ecker Report)	-
1997 – PC	Downloading of fiscal responsibility for child care funding to municipalities – to offset lessened federal contribution under CHST	-
1999 – PC	Integrated Children’s Services Division formed	+/-

Sources: Kyle et. al. 1992, Jensen and Thompson 1999, Child Care Resource and Research Unit 2000, Monsebraaten 1989, OCBCC files, provincial government documents, personal interviews.

Graph 2 illustrates the changes in Ontario government expenditure levels for child care as a percentage of overall program expenditures between 1980 and 2000. It shows significant upturns and downturns, particularly after 1988 when the federal government was moving toward more welfare state retrenchment. Table 3 illustrates the significant child care program and policy announcements in Ontario between 1980-2000.

Significant policies were determined through confidential interviews with advocates and state actors conducted by the author. These are rated as either positive toward child care advocates (+), negative (-), or mixed (+/-) based on these interviews. It also shows significant variation that does not always directly correspond to increases and decreases in provincial child care expenditure percentages in Graph 2. In order to clarify these discrepancies, it is important to combine the information from both of the above sources.

Child care expenditure percentage rose modestly between 1980-1984 in Ontario. However, there were no real significant policy announcements made during these years save for a small change to disabled service funding under the Day Nurseries Act. In 1985, significant child care policy promises made in the Tories' pre-election campaign document, *Enterprise Ontario*, that included \$30 million for 7,500 new child care spaces and \$22 million for six new child care initiatives were enacted by the Liberal government

of David Peterson. Peterson had gained power after the Liberals and NDP defeated the minority Tories in 1985 on a confidence motion in the legislature. The Liberals and NDP then formed an agreement to keep the Liberals in power for the next two years under a written Accord. The Accord included promises to increase child care expenditures, which occurred in both 1986 and 1987.

After the Liberals won a majority government in 1987, child care expenditures rose even further between 1988-1990. These expenditures were associated with the mixed but mainly positive 1987 New Directions for Child Care program. New Directions created 6,868 new licensed child care spaces and provided direct operating grants to help fund non-profit and commercial child care centres. Although provincial advocates argued against the provision of state funding for commercial centres, they were generally happy with the significant influx of much-needed funding.

Graph 2 shows child care expenditures dropped between 1991-1992, but then rose sharply between 1993-1994. The rise in expenditures was likely due to the enactment of policies announced between 1991-1992 by the new Ontario NDP government. These included the positive 1991 Wage Enhancement Grant which raised child care workers' salaries by \$2000 per worker per year. Also, the 1992 JobsOntario program, which came into effect in 1993, substantially increased subsidized child care spaces by 8,200 and was heralded by advocates as a positive gain. The 1995 Early Years Program, which would among other things have expanded kindergarten education in the province, was also seen as positive by advocates but was not accompanied by significant increases in child care expenditures.

We again see child care expenditures drop in 1995-1996 in Graph 2 and this was accompanied by a number of significantly negative child care cuts and program announcements under the newly-elected Progressive Conservative government of Mike Harris. Much of the gains incurred under the previous NDP administration were the victim of the Harris government cuts, including JobsOntario, the Early Years and Conversion programs. These were not surprisingly viewed as negative by advocates who called the cuts "an all out attack on the quality of daycare in Ontario" (Kerry McCuaig in Baines and Lightman 1996:149).

However, this level of cuts to programs and expenditures was not sustained throughout the remainder of the 1990s. Between 1997-1998, child care expenditure percentage rose once again after the 1996 Ecker Report *Improving Child Care in Ontario* was released. The Ecker Report called for lower wage subsidies for child care workers and higher child-staff ratios in child care centres to help increase the profitability margin of commercial centres. Advocates were unhappy with the report. By 1999, child care expenditure percentage decreased once again and no real significant policies or programs were announced during these years. The Tories instead announced their willingness to download fiscal responsibility for child care program delivery to the municipalities in 1997 and were less inclined to take a lead in service delivery thereafter.

### **Child Care Policies and Economic Context in Ontario**

When we compare Ontario's economic health to the progression of child care programs and policies between 1980-2000, we see evidence of variation in government willingness to increase expenditures and to enact pro-advocacy policies that does not

necessarily correspond to expectations based on economic context or theories of welfare state retrenchment. Notably, between 1980-1987, child care expenditure percentage rose modestly despite the presence of a recession between 1981-1982, budget deficits and the start of a mini boom after 1983. No significant policy was present until government changed from the Tory dynasty to the Liberal-NDP Accord 1985-1987 and then when the Liberals formed a majority government after 1987. Significantly positive gains in expenditure and actual program results came during the 1983-1989 mini-boom and according to Courchene and Telmer (1998), were likely due at least in part to this rosy economic context. Despite the fact that the federal government had begun to adopt welfare state retrenchment policies by the end of the 1980s, Ontario had not yet followed suit.

After the 1990 election of the provincial NDP, this did not appear to change. Although Ontario experienced a severe economic downturn beginning in 1990, expenditure percentages dropped for only two years and then rose significantly to new heights in 1994. Child care advocates also noted that the years 1990-1995 when the NDP were in power were the most positive in terms of actual program and policy results, as evidenced in Table 3. This all occurred despite the larger national and international trends toward welfare state retrenchment which were well under way throughout the early 1990s.

However, we see evidence of welfare state retrenchment arriving in Ontario after the 1995 election of the Harris Tory regime. Cuts to program expenditures and child care services were in evidence, particularly between 1995-1996. Yet after the Ontario economy rebounded post-1996, there was variance in government commitment to child

care. We saw increases in expenditure levels between 1997-1998 and then significant decreases in 1999-2000. Fiscal downloading for child care programs, much more in line with retrenchment trends, was evident after 1997 and was likely responsible for the decreased expenditure two years later.

## The Economic Context in BC

**Table 4 – Summary of Economic Booms and Recessions in BC 1980-2000**

Years	Periods of Economic Boom or Recession
1980	Mini - Boom
1981 – 1986*	Recession
1987 – 1994	Mini - Boom
1995 – 2000**	Mini - Recession

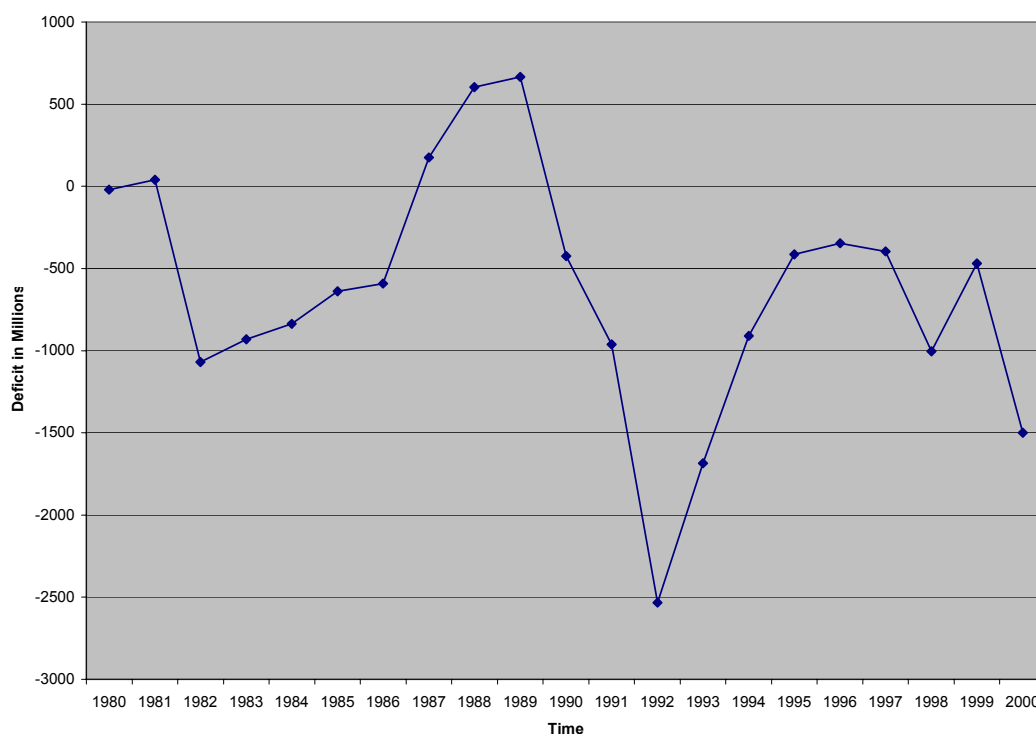
Sources: Summaries compiled by the author from unemployment statistics, GDP statistics, and Credit Rating statistics as well as secondary provincial economic studies (See Ip 1991; Cutt 1989; and Scarfe 1996).

Note – Except for the recession of 1981-1986, none of these boom or recessionary periods was as severe as those in Ontario.

\* There is some disagreement on whether recession began in 1981 or 1982.

\*\* GDP did start to rebound in 1999, but BC fell to have-not status during the 1999-2000 fiscal year.

Graph 3 - British Columbia's Budget Deficits and Surpluses





Sources: Statistics Canada 1992, Courchene and Telmer 1998, British Columbia Budget 2001, BC Ministry of Finance 2001, Fraser Institute 2001.

Even though BC was at the end of an economic boom during 1980, a Canada-wide recession beginning in that year negatively impacted BC's economy. By 1981, the impact was so great as to put the BC economy "in its most depressed state since World War II" (Dyck 1991:583). All revenue sources experienced substantial decline and a sharp decline in US housing starts reduced forestry exports and was particularly devastating (Ip 1989:159). BC had negative GDP growth levels in 1983 and its already high unemployment levels rose to more than 12% in 1982 and remained above the 12% mark until 1988. In Graph 3, we see that the government recorded a significant deficit in 1982 and did not return to balanced budgets until 1987. Moody's lowered the provincial credit rating from Triple A to Double A1 in 1983, followed by Standard and Poor in 1986.

BC began to experience substantial gains in real GDP growth in 1987, at 7%. In fact, the recovery in BC, fuelled by a strong resource market, was so strong that it left the province in "a more favourable fiscal position than any other province, except Ontario" (Cutt 1989:168). As well, a return to high inflows of immigrants to the province helped keep the economy in good shape, even as it also drove up BC's unemployment numbers.

BC's growth outpaced that of the Canadian economy between 1987 and 1994 and job creation levels were among the best in the country through these years (Statistics Canada 1994). BC's economy began to cool off in 1995 with high resource prices and interest rates (Scarfe 1996:218). Real GDP levels fell in 1995 when other provinces saw at least some growth (Globe and Mail 2002). Chera and Mihlar (1998) argue that the tax and spend policies of successive NDP governments compounded the BC situation

through the early 1990s as they initially chose not to follow the federal trend toward welfare state retrenchment. In fact, budget deficits began in 1992 before the economy had stalled in 1995. The decision of the DBRS to lower BC's credit rating in 1999 reflected the severity of the situation, as did a fall to have-not status. BC drew equalization payments from Ottawa for the first time during the 1999-2000 fiscal year.

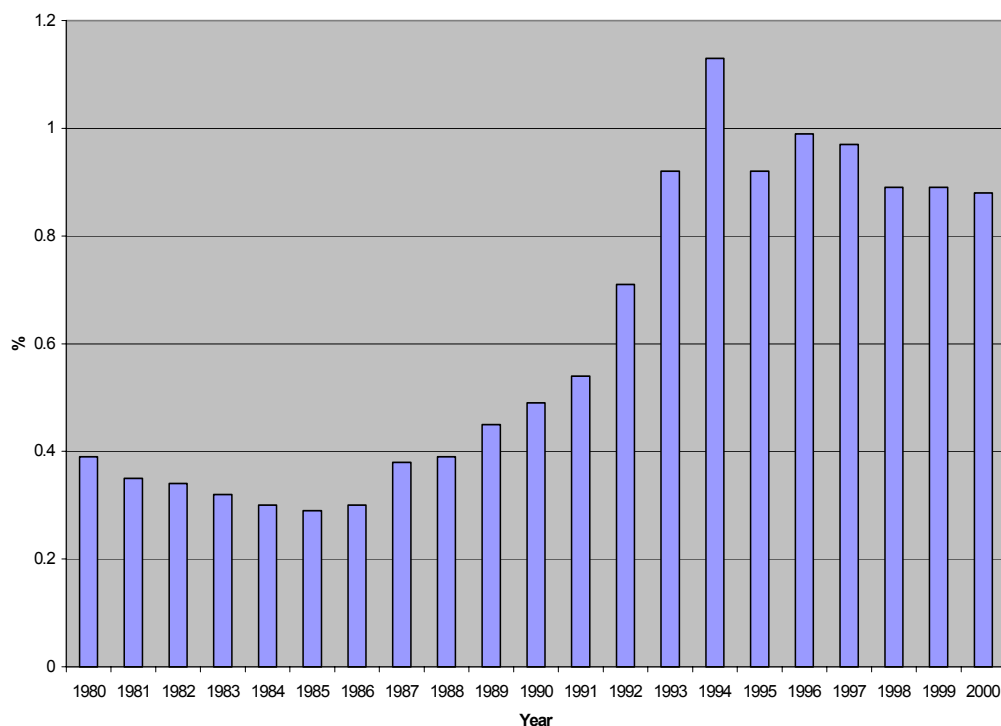
### Child Care Expenditure and Policy in BC

**Table 5 - British Columbia Governments**

Year	Party	Leader	Popular Vote (%)	Seats
1979	Social Credit	Bill Bennett	48	31/55
1983	Social Credit	Bill Bennett	50	35/55
1986	Social Credit	Bill Vander Zalm	49	47/55
1991	Social Credit	Rita Johnston	49	47/55
1991	NDP	Mike Harcourt	40	51/75
1996	NDP	Glen Clark	39	39/75
2000	NDP	Ujjal Dosanjh	39	39/75

Source: Dyck 1996, Dunn 1996, Blake 1996, [www.elections.bc.ca/elections](http://www.elections.bc.ca/elections).

Graph 4 - BC Child Care Expenditure as Percentage of Total Program Spending



Sources: Calculations made by the author from data drawn from BC Public Accounts 1970-2000, Women's Movement Archives, BC submission to Federal/Provincial Territorial Working Group on Child Care 1986, Griffin et. al. 1992, BC Task Force on Child Care 1991, Child Care Resource and Research Unit 1993, BCDCAC 1987, Child Care Resource and Research Unit 2000, BC Government Public Accounts, Vol. 2., SDES 2001.

Table 6 – British Columbia's Child Care Policies 1980-2000

Year – Party	Policy/Program	+/- Rating
1981 - Socred	Day Care Grants Program starts – 227 grants totalling \$1.2 mil	+
1984 - Socred	Start-up and Expansion Child Care Grants terminated	-
1989 – Socred	Maximum child care subsidy rates increased by 15%	+
1990 – Socred	Task Force on Child Care created	+
1991 – NDP	<i>Showing We Care: A Child Care Strategy for the 1990s</i> report of the Task Force is released	+
1992 – NDP	Child Care Branch of the Ministry of Women's Equality established.	+
1992 – NDP	Infant/Toddler Incentive Grant Program established	+
1992 – NDP	BC 21 Child Care Expansion Initiative created - \$32 mil over 3 years	+
1992 –	Facilities and Equipment Grant Programs established	+

NDP		
1993 – NDP	Provincial Child Care Council established	+
1994 – NDP	Wage Supplement Initiative made available to eligible non-profit and for-profit child care programs	+
1995 – NDP	Quality Enhancement Grants/Needs Assessment and Local Planning Grants discontinued	-
1995 – NDP	Child Care Strategic Initiatives implemented - \$32 mil cost-shared with federal government for innovative child program delivery (4 year project)	+
1995 – NDP	Wage Supplement Initiative and Infant Toddler Grants frozen	-
1996 – NDP	BC Benefits (Child Care) Act introduced to replace GAIN Act	+/-
1996/97 – NDP	Ministry of Children and Families created and child care moved under that ministry	+/-
1999 – NDP	Ministry of Social Development and Economic Security created and child care moved under that ministry	+/-
1999 – NDP	<i>Building a Better Future for British Columbia's Kids</i> released by MWE and SDES – consultation paper	+
2000 – NDP	Seven-dollar-a-day before and after school program for grades 1 to age 12 introduced	+

Sources: Griffin et. al. 1992, Jensen and Thompson 1999, Child Care Resource and Research Unit 2000, Women's Movement Archives files, provincial government documents.

When we look at child care policies and program expenditure levels in BC, we see a modest but significant decrease in expenditures between 1980-1986. During these years, 177 day care centres closed in the province due to a lack of adequate funding, despite the announcement of very small grant increases after 1981 (Godley 1981). BC Human Resources Minister Grace McCarthy argued that the "marketplace" would "take care of the demand for daycare" and demonstrated the Socreds were committed to welfare state retrenchment long before it was popular in the rest of the country (Ibid). Indeed, after the Bill Bennett Socreds were elected to a third term in office in 1983, it enacted a stringent restraint agenda that targeted social programs and included the 1984 termination of child care grants noted in Table 6.

By 1987, the Socreds were governing under a new leader and child care expenditure percentages began to rise. Subsidy rates increased in 1989 and by 1990 the Vander Zalm Socreds announced a provincial task force on child care to examine

strategies to improve service delivery across the province. Both announcements were seen as positive by provincial advocates and demonstrated an important reversal from the restraint agenda under previous leader Bill Bennett.

After the BC NDP was elected in 1991, we see that child care expenditure percentages ballooned to new heights between 1992-1994. Between 1991-1994 in particular, child care expenditures increased fivefold from \$41 million to over \$200 million. Advocates heralded new spending under the 1992 BC 21 Child Care Expansion Initiative, which provided \$32.2 million over three years to support the expansion of community-based child care programs and the 1994/1995 Wage Supplement Initiative, which increased child care workers salaries by \$2 per hour. These and other positive gains noted between 1991-1995 in Table 6, addressed many of the recommendations in the 1990 Task Force Report.

However, Graph 4 shows that child care expenditure percentages began to fluctuate after 1995. In that year, expenditure percentages fell to 1993 levels. Smaller increases occurred in 1996 and then levels again started to decline in 1997. Correspondingly, Table 6 shows negative and mixed policy results during these years. The 1996 BC Benefits (Child Care) Act added \$13.7 million to the child care budget and was responsible for the increased expenditure levels shown in that year, however, it was a mixed policy result because it forced low-income single parents of children over seven years of age to actively seek employment to qualify for subsidies (Auditor General of BC 1996). In 1996, the NDP had replaced former leader Mike Harcourt with Glen Clark. In 2000, it changed leaders again to former Attorney General Ujjal Dosanjh.

Even though we do not see any positive changes in child care expenditure percentages in 2000, the Dosanjh NDP government enacted the most positive child care policy of our study period. In June 2000, the BC NDP introduced a publicly-funded after-school child care program for children from Grades 1 to the age of 12. This seven-dollar-a-day program was only the second publicly-funded child care program to be launched in North America and would cost the NDP \$14 million the first year and \$30 million for each successive year of operation.<sup>4</sup> The program was not in place long enough to impact provincial expenditure levels in Graph 4 and in 2001, it was cancelled by the newly-elected Liberal government.

### **Child Care Policies and Economic Context in BC**

A comparison of BC's economic health with the progression of child care programs and policies between 1980-2000 shows evidence of variation in government willingness to increase and cut child care expenditure and pro-advocacy programs, some of which follows our expectations and some which defy those expectations. Between 1980-1986 we see that child care expenditures declined steadily, albeit modestly, under the Bennett Socreds and their restraint agenda, particularly post-1983. This tendency toward cutting child care and other social programs in tough economic times was one of the first indications of welfare state retrenchment in Canada during the early 1980s and drew "national and international attention" (Prince 1996:254).

However, the tendency toward welfare state retrenchment did not continue into the later 1980s as was the case in other parts of the country, particularly federally.

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<sup>4</sup> The first publicly-funded program in North America was a more comprehensive five-dollar-a-day program introduced in Quebec in 1997. For more see Jensen and Sineau 2001.

Instead, child care expenditure and evidence of significant gains in program and policy announcements came after the economy rebounded and thrived between 1987-1994. We saw significant gains under both Socred and NDP governments, but the most significant heights in expenditure percentage in Graph 4 were reached in 1994 under the NDP. These heights were attained despite poor government fiscal performance as the province posted record deficits between 1991-1994.

However, when a negative economic context returned in 1995, BC did not completely adopt a welfare state retrenchment agenda, at least in the area of child care policy. We see variation in child care expenditure percentage between 1995-2000, with decreased but stagnant levels in 1995 and 1998-2000, but higher levels in 1996 and 1997. Detailed policy evidence in Table 6 also shows negative, mixed and positive results during these last five years. Significantly, however, the most positive child care policy announcement, the publicly-funded child care program, came in 2000 under a very weak provincial economy. Clearly the BC NDP government of the day was not committed to welfare state retrenchment when it announced this major pro-advocacy policy initiative, even though it was cancelled by the subsequent Liberal regime in 2001.

## **Conclusion**

In the end, the economic and policy evidence presented above for both Ontario and BC raise more questions about welfare state retrenchment trends and demonstrate that while governments have appeared to embrace retrenchment at certain time points, overall they do not seem to be converging or growing more alike in their approaches to child care policy. So to answer our first question, provincial governments in Ontario and

BC have diverged more in their approaches to child care instead of converged. While governments in Ontario were modestly increasing levels of child care expenditure percentages between 1980-1986, governments in BC were modestly decreasing levels of expenditure percentage in that province and cutting child care grant funding. While expenditures consistently increased and major pro-advocacy gains were evident in BC between 1987-1994, there were more ups, downs and mixed results in Ontario during the same period of time. Ontario recorded its highest levels of child care expenditure percentage in 1998, and came very close to this level in 1994. In BC, the highest levels of child care expenditure percentage were recorded in 1994, with levels significantly lower in 1998. When BC was enacting the most progressive pro-advocacy policy in 2000, no significant policy gains or losses were recorded in Ontario that same year. Clearly, child care diversity was apparent between 1980-2000 in these two provincial cases.

When we compare the policy results to the economic contexts in both provinces, we again find that our expectations were not confirmed. It appears that governments occasionally decreased their commitments to child care program spending and policy innovation during poor economic times, but this was not always the case. In Ontario, the most pro-advocacy period came between 1991-1995 under the NDP and a tough provincial recession. As well, the most progressive child care policy of our study period occurred in BC under tough economic times in 2000 when the province was re-classified as a "have-not" province in the federation. On the other hand, we saw that restraint agendas in tough economic times were detrimental to child care progress in Ontario under the Harris Tories in 1995 and in BC under the Bennett Socredits between 1981-



1986. Thus we can conclude that governments may but do not necessarily cut child care in tough economic times. Government reaction to fiscal and economic weakness seems to hinge more on party differences. As the examples above show, left-wing NDP governments in both provinces were less likely to cut child care programs in tough economic times than were right-wing Tory and Socred governments in Ontario and BC respectively. Therefore, partisan diversity and divergence appears to be a more convincing explanatory theory for provincial child care than theories of convergence.

Since this paper only measures the impact of economic health on one policy arena of importance to women, it cannot pronounce on the overall validity of welfare state convergence arguments in Canada, particularly amongst the provinces. It also cannot claim that welfare state convergence as such does not have a detrimental impact on women's policy and lives. Indeed, the evidence above appears to indicate that fiscal and jurisdictional downloading of responsibility from federal to provincial and even municipal levels of government was a common trend. Yet, for child care advocates, downloading did not necessarily mean that policy results would suffer. The BC example in 2000 particularly showed that provincial diversity could produce good results for child care advocates.

The evidence in this paper, however, lends more support to partisan theory of public policy explanations than convergence theories. It shows that the welfare state can be remarkably resilient as Pierson (1994) argues, but that this resilience depends on what party holds power. As such, it does not confirm or disconfirm Pierson's thesis that retrenchment convergence has not been in evidence, but it does suggest that theories of both retrenchment and resilience can be questioned under certain circumstances. In the

end, more research is needed to uncover exactly how party differences help to determine diversity in child care policy. Only then can we gain a better understanding of welfare state convergence and its impact on women in Canada.

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