

# FACT SHEET

## The ‘Welfare Wall’

### What is the ‘Welfare Wall’?

The term ‘Welfare Wall’ is used by politicians and policy makers to refer to barriers that they feel discourage people from leaving social assistance.

Usually the greatest concern is that if people on social assistance are financially better off than people earning minimum wage, there will be no incentive to find paid employment.

The term ‘Welfare Wall’ is also used to highlight the loss of drug and dental benefits that many people soon face when they leave social assistance.

### Cracks in the Wall

The concept of the ‘Welfare Wall’ is based on many faulty assumptions and myths.

- **Myth #1 - People on social assistance are *able to work*, but *choose not to*.** The concept of the ‘Welfare Wall’ suggests that people on social assistance simply need to be given adequate incentives to find paid work. The defenders of the concept of the ‘Welfare Wall’ rely on stereotypes of poor people as lazy freeloaders who need to be prodded to work. The fact that people on social assistance are **unable** to work because of disability, childcare responsibilities and lack of marketable skills are concealed by the concept of the ‘Welfare Wall.’ The discrimination that many workers face as they search for jobs is also concealed.
- **Myth #2 - Unemployment benefits workers.** The concept of the ‘Welfare Wall’ assumes that people prefer not to work and indeed benefit from being unemployed. The reality is that employers benefit from unemployment because it ensures there is a supply of cheap, desperate labour.

- **Myth #3 - A job provides an escape from poverty.** One in six workers in Ontario is making a poverty wage. Given the low minimum wage and the rise of low-wage, part-time, contract work, increasingly people who are able to find work, remain in poverty.
- **Myth #4 - The problem is that welfare is too generous.** Proponents of the ‘Welfare Wall’ theory often point to the loss of health and dental benefits as a major obstacle to leaving social assistance. Indeed, health and dental benefits are important to everyone. The solution to this and similar problems, however, isn’t to make welfare as uncomfortable as possible, it is to ensure everyone has access to decent health and dental benefits, whether they’re working or not.

### **Hiding the truth about poverty**

The truth is that 14.4%<sup>1</sup> of people in Ontario live in poverty. Most of these people are low-wage earners and/or receiving social assistance. The poverty experienced by these people is, in large part, a result of government policy that keeps both social assistance rates and the minimum wage dangerously low.

The truth is that poverty is not the result of the personal failings of those struggling to make ends meet, but the result of government policy that fails to adequately and fairly address the structural dysfunction of the current labour market and the systemic barriers faced by many low-income people.

A critical first step to eradicating poverty is to raise social assistance rates and the minimum wage to levels which ensure a decent standard of living.

Governments also need to develop policies that more effectively help people to find and keep paid work. At a minimum, these should include:

- i) accessible, affordable childcare,
- ii) accommodation of workers with disabilities,
- iii) access to appropriate training and education for unemployed and underemployed workers,
- iv) recognition of foreign credentials and
- v) the broad application and enforcement of employment standards.

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<sup>1</sup> Based on Statistics Canada’s pre-tax low-income cut-off and data from the 2001 Census.