

How did the just society become just don't care?*

Canada is one of the wealthiest countries in the world. How is it that we are also so poor?

In 2007, an estimated 2.9 million, or 9.2 percent, of Canadians lived on low incomes. Rates are higher still for most recent immigrants, aboriginals, persons with disabilities and female-led single-parent families. One in 10 children remain poor – despite a 1989 House of Commons resolution to move toward the eradication of child poverty by 2000.

Inequality has also widened. Over the past 25 years, average incomes of the wealthy increased by 16.4 percent, while those of the poor dropped by 20.6 percent. The rising tides that Canada had experienced pre-recession did not lift all boats – just yachts.

Government intervention – through redistributive programs and progressive income taxes – is essential to help offset

market-based inequalities. Governments used to understand that crucial role. The Liberals took pride in their values and their vision of Canada as a great nation of citizens who care for – and about – each other.

Canada was once recognized as a caring and humane society. There was a time when a Nobel-worthy country meant a noble and worthy country. How did the just society become the just don't care society? Whatever happened to the rich body of policy ideas – and ideals – that once distinguished the Liberals as great leaders?

As in their historic Kingston and Aylmer thinkers' conferences, the Liberals should put fighting poverty front and centre in their upcoming meeting in Montreal.

Slaying the dual dragons of poverty and inequality requires two forms of intervention. Safety net measures help offset the negative impact of low income. Springboard

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measures create opportunities for success over the longer term.

Springboard measures include, for example, early childhood development to ensure the best possible start in life and provide a solid foundation for education and literacy – the building blocks for training and employment.

While education and training are necessary long-term pathways to employment, a job does not necessarily mean freedom from poverty. Close to half of low-income Canadians work, yet remain poor. One in four workers earns \$10 an hour or less.

Fortunately, Canada has two powerful safety net measures that bolster low income.

The Canada Child Tax Benefit, composed of two parts, is a crucial lever. The base Child Tax Benefit pays a maximum \$1,340 per child and serves more than 90 percent of families. The National Child Benefit Supplement sits atop the base and targets an additional \$2,076 to lower-income families, for a combined maximum \$3,416 for households with one child.

Ottawa should boost the Canada Child Tax Benefit to a maximum \$5,000 per child, which is the amount considered necessary to offset child-rearing costs in poor families. Increases should go not only to the lowest-income households but also to modest-income families, which struggle with tight budgets.

The Working Income Tax Benefit supplements low employment earnings. The 2009 Budget boosted its value from a

maximum \$522 to \$925 for singles and \$1,044 to \$1,680 for single parents and couples, and broadened its reach to help more working poor. This promising program should continue its trajectory of higher payments to more workers.

While these key tools are in place to tackle poverty, they must be sharpened and honed. But for Canadians who are unemployed, the entire machinery needs an overhaul.

Workers who lose their jobs through no fault of their own can qualify, in theory, for Employment Insurance. Belt-tightening changes introduced in the 1990s drastically reduced eligibility to the point where only four in 10 unemployed now qualify for benefits. Many out-of-work Canadians have no choice but last-resort, dead-end welfare.

The country requires strong leadership that brings Ottawa and the provinces together to rethink the overall set of programs for the unemployed. Canada needs a new architecture of income security for working-age adults that reflects the pressures and demands of a modern economy. It could be developed with three main components.

First, a federal temporary income program would prevent jobless Canadians who are in financial need and do not qualify for Employment Insurance from falling into the welfare trap. Employment Insurance would be strengthened to restore its rightful place as the primary earnings replacement program for the unemployed.

Second, a robust provincial employment skills and learning strategy would provide a range of employment measures, such as short-term market-relevant training.

Income benefits would be simpler than welfare and more like a wage.

Finally, Ottawa could do more to help those unable to participate in the paid labour market. An estimated half-million Canadians with severe disabilities rely on provincial welfare, which never was intended as a lifetime guarantee. A better bet is a basic income program like the Guaranteed Income Supplement for low-income seniors. Under the terms of a negotiated accord, provinces would reinvest resulting welfare savings in a comprehensive system of supports for independent living. The disability tax credit should also be made refundable to help poor people with severe disabilities.

Of course, improvements come with a price. To help pay the additional costs of tackling poverty, Ottawa should raise the GST by two percentage points. The increased burden on lower-income households can be offset by enhancing the refundable GST credit so that it pays higher benefits to more Canadians.

The challenge that we face lies not so much in finding ways to tackle poverty. The more difficult test lies in finding ways to

reduce the widespread indifference to this deep and enduring problem.

Poverty is the symptom of an unsettling malaise – a poverty of passion. Canada can be so much greater than just a society.

The Liberals should use their upcoming conference as a significant moment to reclaim their vision and their voice. It's time for the Liberals to rekindle the flame for a nation that cares about its citizens.

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