

# Importing Blair's Failure: Ontario's Poverty Reduction Strategy

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The campaign leading up to Ontario's October 10<sup>th</sup> election had little to say on the subject of poverty. The New Democrats, for their part, kept the minimum wage issue at the fore though it was not a central part of that rather amorphous campaign. There was no hint whatsoever from the incumbent Liberals that poverty was of any significant concern for them. In their budget of 2007 they reluctantly and cautiously committed to raising the minimum wage to \$10.25/hour over a three-year period and made some other modest overtures toward Ontario's most marginal citizens, but nothing here hinted of a strategy.

So it was all rather surprising that the November 29, 2007 Throne Speech gave the issue such prominence. The Throne Speech announced a new committee of cabinet was to be struck and charged with the task of "developing poverty indicators and targets and a focused strategy for making clear-cut progress on reducing child poverty" (Ontario Throne Speech 2007). To a significant extent the McGuinty Liberals are modeling this strategy on that pursued by Tony Blair's New Labour since 1999. While development of the strategy is in its early stages, now is the time to press the Liberals to adopt a comprehensive strategy based in a class analysis rather than what, at the moment, appears to be a driving concern to keep any poverty reduction strategy as constrained and limited as possible.

## Ontario's 2008 Budget: Corporate Tax Cuts Outpace Poverty Reduction

It's a tired truism, but it must be constantly said that the annual budget of any government is a critical political statement of priorities, values and objectives. Budgets tell us which social and economic blocs a given government favours and responds to and which are of lesser significance. The March 25<sup>th</sup> Ontario budget was no exception to this general axiom. Poverty reduction was given a symbolically central place in the Ontario Liberals 2008 budget. This follows the striking of a cabinet committee on poverty reduction announced in the wake of the October election, a symbolically powerful expression. Then look at the budget, the means to allocate public resources, making change possible: A 2% increase in social assistance rates, increasing the minimum wage to \$10.25 between now and March 31, 2010, a \$10 million assisted-building strategy for low-income Ontarians and \$100 million to rehabilitate a deteriorating social housing stock. This is not a poverty reduction strategy.

Yes, dental care for low-income families and a nutrition program are excellent proposals, but the core components of, the

Ontario Liberal poverty reduction strategy consist of \$267 million in new programs. That's in the context of a global budget of \$96 billion. And perhaps to put a fine point on it, Budget 2008, despite the snarling from the Common Sense Revolutionaries in Ottawa, offers up \$750 million in business tax cuts. That's nearly three times the dollar value being allocated for poverty reduction. There's a lot of symbolism here serving the political interests of the 'One Ontario' ideological frame of the Third Way Liberals. But there's a rather striking evasion of having to deal with the real structural problems confronting Ontario's working families and communities.



## An Anti-Poverty Strategy from the Top...

The composition of the Cabinet Committee on Poverty Reduction signals the overall policy direction to be pursued by McGuinty's Liberals. With fourteen members, eight of whom are actually ministers, this is a large committee. It includes several heavy weights including finance minister Dwight Duncan, health minister George Smitherman and education minister Kathleen Wynne. Other, less well known, ministers are also members and, given their portfolios, have controllership over more than 70% of Ontario's public expenditures. These include community and social services, where the key source of expenditure is on social assistance, the ministry responsible for training and post secondary education and

the ministry of housing. In fact, there is a great deal of membership overlap with the cabinet committee responsible for social policy. What is interesting, and with reason, is the complete absence of key economic policy ministries, notably the ministries responsible for economic development and labour.

In large part this is a reflection of the adopted New Labour/Blairite ideological lens through which the Ontario Liberals understand the causes of poverty. New Labour does not view poverty as the inevitable result of the logic of capitalism's class structure, but rather as a function of 'social exclusion.' Social exclusion has been defined by the Blair Prime Minister's Office as "more than income poverty. It is a shorthand term for what can happen when people or areas face a combination of linked problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, bad health and family breakdown. These problems are linked..." (Social Exclusion Unit 2004). Yes, indeed. This is not contestable. However, it misses the point. These are the symptoms produced by class divisions. Symptoms absolutely requiring redress through public intervention. However, the cause, the structures at the source of these symptoms, go unrecognized, and purposefully so.

Hence, in Ontario's case, at least to date, the question of general quality of employment is not to be addressed. In other words, is the market economy generating employment of sufficient quality and in sufficient quantity, as measured by pay, benefits, training/education opportunities, stability, and some form of career ladder, to provide individuals, families and communities with the economic and social foundations to evade the symptoms of social exclusion? Of course, the answer is no. And to acknowledge this fact would require a rather different approach. Very quickly this would lead into areas where any party with organic links to business would only go reluctantly, if at all. For example, there is no dispute, even among liberal economists such as Paul Krugman, that membership in a trade union is an absolutely core element to the creation and sustainability of a broad middle class.

In addition, the public sector has a role to play in the provision of important public services and the generally, though eroding, high quality jobs found in the sector. This is not confined to the existing range of public and social services, but also those that have yet to be created, such as child care. There is also a need for industrial policy. The state can shape conditions for this to happen by regulating capital and returning to an enforced regime of progressive taxation for labour and capital. The 'catch as catch can' regime of tax evasion, avoidance and legislated erosion of public finances and capacities, both at the provincial and federal level, is not going to allow any movement in this direction. To date, the signals are clear. Ontario's poverty reduction strategy is not to intervene in the dynamics of the capitalist market. Not only far from an anti-capitalist set of interventions, this approach even shrinks from using the authority of the state to shape the decisions of those who control capital.



### **...And Designed in Deliberate Isolation**

In terms of strategy development, the cabinet committee and the senior public servants responsible for policy development have begun to meet with a range of poverty experts. Of course, this is all being lead at the very highest levels of the Ontario state, the Cabinet Office and the Premier's Office. The most 'expert' persons on this subject are those who endure it. It is again indicative of a certain strategy of containment that only specific analysts are invited. Of course, who is invited reflects the broad tenor of the strategy itself.

It is to be modest and inoffensive in every way. The meeting participants are reminiscent of the well-to-do Fabians of Britain's late 19<sup>th</sup> century, who would gather in homes in proper neighborhoods to discuss the condition of the working class over tea. Obviously a less secretive, more transparent (to use an over-used government term) process of consultation and engagement is necessary. But then, that would require defending, at some point, decisions not to act and not to invest. Again, it would appear that in Ontario the guiding principle - in addition to non-intervention of a substantive kind - is that the strategy is not to be costly. Consequently, a very conservative definition of poverty is necessary wherein only the bottom 10% will become the target of any initiatives to come.

### **The Paradox of Deepening Insecurity in the Midst of Growth**

The 40% of Ontario workers who have seen their incomes decline over the past decade is simply too big of a problem to even attempt to grapple. The days of dreaming big are certainly over in the world of neoliberalism. But any serious anti-poverty strategy must come to grips with those who are in a precarious place. They may not be the impoverished of today, but are merely one lay-off, one accident, or one illness away from joining those in the bottom decile. And this is despite a more than 60% growth in Ontario's GDP (ArmineYalnizyan, Ontario's Growing Gap, 2007). It must be further said that this broad-based stagnation has also occurred at a time of steadily declining unemployment. →

Again, we must, if honest, return to the fact that working is not working for significant numbers of Ontario workers and dealing with symptoms will ultimately enter into a crisis of its own. As economist Armine Yalnizyan observes in a study of polarization in Ontario: “As inequality grows, those who can afford to pay will drive the prices of all the basics – the housing market, the education market, the market for caring services, (nannies, home care, and health services). The result could be a shift in focus from public solutions to private solutions and, perhaps unwittingly, driving costs up for everyone, whether they can afford to pay or not.”

## Lessons of New Labour: Adaptive Capitalism

Peter Mandelson, a former New Labour minister, once said: “I feel intensely relaxed about people getting filthy rich” (Seamus Milne, *The Guardian*, August 12 2007). Former Prime Minister Blair was equally unconcerned with inequality. His only concern was that poverty be reduced. Gordon Brown, Blair’s successor, has acknowledged “the gap matters” but has not indicated what his government will do to address polarization. David Miliband has proposed the tax rate on incomes of over 100,000 pounds be increased to 50 per cent. But, tellingly, there has been no action. Even a Rowntree Foundation report, assessing the record of New Labour, concluded with respect to poverty, “the root causes of the problem have not been addressed” (Lucy Ward *The Guardian*, December 4 2006). It is recognized that the New Labour anti-poverty interventions have not been without success but this is limited. The preferred policy instrument has been to use targeted benefits rather than addressing the structural roots of poverty especially income inadequacy. In sum, despite more than ten years of high-level focus on poverty in the United Kingdom, recent studies show that inequality is actually increasing (*British Medical Journal*, April 2005).

## What Is to Be Done?

Campaign 2000, a broad network of 66 national, regional and local agencies concerned with questions of poverty, responded equivocally to the proposals and directions for poverty reduction set out in the 2008 Ontario budget. Their press release commenting on the budget expressed ‘encouragement’ but also signaled that an “effective poverty reduction strategy needs to go significantly beyond organizing and aligning the current system of supports for low income people” (Campaign 2000 Media Release March 25, 2008). That encouragement is offered is indeed odd,

given that the Ontario government chose not to respond to the minimal program for reform offered by Campaign 2000, which includes a \$10/hour minimum wage (in 2007), improved enforcement and updating of labour law, a comprehensive affordable housing strategy, and a commitment to a 25 per cent reduction in child poverty by 2010.

But Campaign 2000’s own strategy is deeply embedded within the fabric of Third Way neoliberalism. Even if fully adopted by the government it would soon enter into an impasse. The models presented by the United Kingdom have, in fact, proven to be less successful than their proponents claim. The New Labour template for poverty reduction is a limited one. If the success sought is modest then there is something here. Looked at objectively, however, it is a strategy to manage the expansion of poverty, not to reduce it. In this sense it is adaptive to a set of power relations which will not be challenged by neoliberalized social democracy. Social activists and community agencies, and most notably Campaign 2000, have urged the Ontario Liberals to “adopt a poverty reduction plan with set targets, timelines, a dedicated budget and ongoing monitoring” (*Opportunities Waterloo*, January 22, 2008). Budget 2008 did none of this.

This is the formulae of New Labour’s failure. Yes, governments can be held to account for failing to meet stated targets. But that even the community sector avoids the fundamental questions respecting a deeply class divided society is further evidence of the internalization of neoliberalism. The management techniques being urged upon the government will, in some form, be assuredly present. They are the basic tools of neoliberal public administration. But where is the demand for inclusion in the policy process? For a more democratic setting of the policy agenda? And, of course most fundamentally, an anti-poverty strategy that begins to address why poverty exists and expands amidst nothing but wealth?

Campaign 2000 is doing valuable work in pressing the Ontario Liberals to be more serious and less symbolic with respect to poverty reduction. At the same time, their entire program seeks only the most minimal outcome by working within the constraints of the exiting political reality, rather than doing anything to challenge it. Philanthro-capitalism is not an alternative, just a variation on a theme. **R**

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