

Poor Prospects: McGuinty's Poverty Strategy

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Dalton McGuinty's consultations on a provincial poverty reduction plan, following on the heels of plans in Quebec and Newfoundland and Labrador, is a sign of new times. After two decades of neoliberalism, politicians and policy-makers have recognized that its social costs may be too great in terms of lost legitimacy and economic efficiency. The politics of the moment is nevertheless extremely tricky, as the scope of new social initiatives is heavily circumscribed by elite consensus on maintaining neoliberal macroeconomic and labour market policies, as Bryan Evans showed in his analysis of the poverty strategy in *Relay* #22. At its worst, as John Clarke demonstrated in *Bullet* #134, this reformist movement yields policies that are deadly.

POVERTY IN ONTARIO

Despite fifteen straight years of economic growth, poverty indicators have stagnated, and in some cases are going in the wrong direction. Given that over one in three jobs is precarious, that key income support programs like unemployment insurance are largely inaccessible to those who need them most, and that tax policies have accommodated rather than challenged increased earnings inequality, the persistence or even growth of poverty is not surprising. Food bank usage is up 15% since 2001, to over 300,000 Ontarians per month. The depth of poverty has increased over the past 12 years. Real incomes in poor neighbourhoods have declined 8% in the past twenty years while they have gone up 59% in the rich ones.

The recognition that these sorts of outcomes might be a problem, both for the legitimacy of the neoliberal project and for economic performance, filtered into the state elite and segments of the business community in the early 2000s. As part of a visioning process in the dying days of the Harris government, former Economic Council of Canada chair Judith Maxwell wrote a stinging report on how social policies were not protecting families from new social risks. She painted a picture of time-strapped families forced to face labour market and life cycle risks without a coherent set of public services. The report was thin on specific solutions, but promoted affordable childcare, better supports for the elderly, and a living wage strategy.

Similarly, the Toronto City Summit Alliance, an organization of high-profile Toronto business people concerned with Toronto's declining competitiveness, joined with the Atkinson foundation to sponsor a report on *Modernizing Income Support*

for Working Age Adults (MISWAA). It started with two realities that it found unacceptable, namely that many people with full-time but low-wage work were living in poverty; and that the social assistance program kept recipients well below poverty, yet acted in a way such that those who found a job and left the program were often worse off to start. The result was a "smouldering crisis," most worrying for its impact on labour force performance and for declining social cohesion in urban areas.

Despite being a "crisis," the proposed responses were restrained: extending benefits available to social assistance recipients to low-paid workers; increasing income support for children and people with disabilities; and improving access to training for social assistance recipients and low-paid workers. The report also inched onto the terrain of labour markets by calling for an independent minimum wage board and stronger employment standards. This was hardly a radical set of suggestions, but in touching labour markets and in requiring sustained investment, it went against core principles of Ontario's neoliberal credo.

MCGUINTY PICKS UP POVERTY

These concerns about poverty and insecurity coming from business and business-linked intellectuals made action on policy thinkable, although McGuinty's wobbly election promise to explore poverty reduction options was more directly motivated by the success of the NDP in winning by-elections on working income issues (especially the minimum wage) as well as by some pressure from women's organizations within the provincial Liberal party.

The government's discussion paper on poverty reduction is noteworthy for being tightly circumscribed within neoliberalism. Whereas the NDP's by-election campaigns emphasized the minimum wage and strengthened labour standards as central planks, the Liberal consultation paper studiously steers clear of touching the labour market, beyond tipping its hat to raising the minimum wage to \$10.25 by 2010. Instead the focus is on children, with the government promoting previous initiatives (the Ontario child benefit, child care subsidies for the low-paid, and full-day junior kindergarten) as signs of where it is going. The Child Benefit and the child care subsidies are built on the logic of supporting low-wage employment, by reducing impediments to low-wage work (such as paying for child care). Some argue that the child focus of

social policy reflects the saleability of the child as deserving, thus defusing attempts to stigmatize the poor. But it is also sold as a good investment, since early interventions promise to have the longest-term payoffs. This idea of investing in people so that they compete better on weakly regulated labour markets runs through the few sections aimed at adults, such as affordable housing or programs for newcomers. This is not an anti-poverty policy that will interfere with positioning Ontario as a high-quality/low wage manufacturing platform.

The inability to think outside of neoliberalism relates not only to the supply-side view of people as human capital and the refusal to touch the labour market. It also relates to the broader macroeconomic framework, and the idea that poverty reduction will be funded through re-allocating resources or by working more effectively with community organizations. Higher taxes and new spending are not on the table. It is a fairy-tale world of attempting poverty reduction without state redistribution. It is also part of a broader tendency of pulling community groups under the wing of the state and to reshape them as entrepreneurial social enterprises that can meet social needs without additional state funding. Again, experience elsewhere shows that you cannot get something for nothing from the community sector, and that when you try you simply succeed in weakening the sector by squeezing out the spaces of democratic decision-making, learning and participation that made the organizations responsive to their communities in the first place.

This is a very thin anti-poverty strategy, thinner than MISWAA or Maxwell. And the degree of central political support behind it is thinner still, with a widespread sense that the government will try to disappear the issue and hang the presiding Cabinet Minister, Deb Matthews, out to dry when the time comes. If anything, it seems that the bureaucrats are more interested in trying out some new things, albeit well within the neoliberal confines, than their political masters in the Liberal party.

THE COMMUNITY RESPONSE

With such thin gruel and such weak political momentum, one might have expected the antipoverty community to stand on the outside to demand a more aggressive poverty strategy. However, most of the main organizations have instead tried to seize whatever space they can in the consultations, both to try and extract material gains for their members, and to keep poverty from falling off the agenda. But they were caught off guard by McGuinty's election promise and his speed in moving on it, and so the response has been messy and at time *ad hoc*.

The vehicle created to engage the government in its deliberations is "25 in 5." To this day, it is difficult to say exactly what sort of organization 25in5 is, since it does not visibly have a membership, a constitution, or transparent leadership and decision-making. Some of this reflects a history of conflict between the different Toronto-based organizations

that came together to found it, namely Campaign 2000, the Social Planning Network of Ontario (SPNO), and the Income Security Advocacy Centre (ISAC). What is clear is that the starting point of 25in5 was heavily liberal-reformist, pulling together key individuals and organizations (including the key players around the MISWAA report) willing to engage with the McGuinty proposal, but hoping to expand its proposals into something more substantial. To date, the campaign has run largely on funds from the Atkinson foundation.

A key piece in bringing these organizations together, and engaging other anti-poverty groups across the province, was the development of a common framework of demands. This came largely from the work of assessing where the demands of the constituent organizations overlapped. While this might be expected to create lowest common denominator solutions, the common framework demands is in fact very interesting. If taken as a whole, as opposed to as a series of possibilities to be chosen from *à la carte*, it presents a social democratic platform that we have not seen in a generation.

THE COMMON FRAMEWORK OF DEMANDS

As set out in the "Pathways to Common Priorities" that the SPNO toured around the province, a poverty reduction strategy had to rest on two foundations, namely upgrading living conditions and strengthening local supports. In terms of living conditions, the common framework proposed a three prong strategy of promoting sustainable employment, livable incomes, and access to essential social resources. This meant advocating policies to make work pay such as poverty-proofed minimum wages, enhanced and enforced labour standards, and drug/dental/vision coverage of the working poor as well as a work tax credit. It also meant closing the gap between social assistance rates and the poverty line, as well as a basic income system (similar to that afforded seniors) for people with disabilities. Finally, it meant major investments in housing, child care, basic education, as well as extending housing allowances to people with low incomes not on social assistance. In terms of local supports, it calls for investments to core fund community agencies and infrastructures, on the one hand, and an urban agenda of public service investment in transit, recreation, food security and housing repairs on the other.

Putting it together, you have a social democratic strategy of labour market re-regulation, redistribution, and social provision, as well as support for community organization. It is not socialist, but opens some doors in that direction. It takes the core of MISWAA, and supports those initiatives by building up a social infrastructure of shared public services and community initiative to meet emergent or specific needs. And it is fairly clear that this will require a redistribution of resources, including increasing taxes. This is the sort of program that one might have hoped to see the NDP brandish in the last election, or the labour movement champion within its own ranks and in its communities. The development of this platform, the pulling of various organizations around it, and the holding of discussions

about it across the province through the Social Planning Network in Toronto, are not minor achievements given the timeframe and resource commitments.

The ability to aid communities to pull together consultations with their MPPs (roughly 50 in total), and to otherwise keep the question of a poverty strategy from being “disappeared” should also be saluted. These are real accomplishments, and they provide some spaces and resources for further campaigning.

TENSIONS AND CHALLENGES

Despite these successes, there are important stresses and strains in the coalition. While the intent is to continue to put pressure on the government at least through to the 2009 provincial budget (when Atkinson may turn off the funding tap), there is a real chance that 25in5 will either fall apart or lose significant community support between now and then.

Some of the tensions are predictable, such as regional grievances about a Toronto-centric campaign. But beneath these grievances is a more substantial one of program and strategy. For while the program of demands set is wide-ranging and social democratic, there is a sense that the inner-circle is happy to engage the government around a small subset that remains within neoliberal parameters. While the community consultations have shown broad support for closing the gap on social assistance, many feel social assistance has not

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been central to 25in5. The question of wages and employment standards, not to mention policies to counter what Grace-Edward Galabuzi has provocatively called Canada’s economic apartheid, have been given a low profile.

Instead, there is engagement around child benefits, working income supplements, as well as extending the health (dental/vision/drug) and housing benefits received by social assistance recipients to all people with low incomes. These are

not necessarily bad or ineffective policies if part of a broader program of regulation and redistribution. They share in the neoliberal view that work should pay more than social assistance, but if they in fact improve living standards for the working poor and reduce the perversity of clawing back virtually all of the earnings of social assistance recipients who find work, they are not without interest. But without accompanying action to regulate labour markets or provide new public services, they simply provide public subsidy to low wage employers. The programs take employers off the hook for providing wages sufficient to procure housing, child care, and provide for dependents, and they fail to structure the housing or child care markets by creating actual housing units/care spaces or by favouring non-profit or public forms of planning and provision.

This tension over program in turn fades into tensions over strategy. To the extent that the central players in 25in5 retain a minimalist set of demands and a reformist posture, they privilege a centrally-driven campaign that channels traditional forms of activism (letters to the paper, meetings with public officials, endorsements) to support interventions at key times in the political cycle (government consultation period, release of government report, pre-budget consultations, lead-up to budget day). This sits in tension with the views of grassroots organizations who correctly recognize that the more radical program cannot be attained through such consultative means given the current configuration of class forces in Ontario. The grassroots organizations are nevertheless in a tight spot: it is not clear whether they have the resources, organization and time to mount a credible alternative that could make itself felt. Certainly the groups that have remained outside of 25in5 have been largely invisible in the process. As such, 25in5 provides a vehicle that is better than nothing. At the same time, participation in 25in5 blocks the creation of an alternative.

WHAT ALTERNATIVES?

One could identify some of the more liberally-minded leaders of 25in5, label them sell-outs, and dismiss the whole experience. But that would be to miss the point. That an organization that is largely liberal-reformist in character continues on the well-trodden path of liberal-reformism is hardly scandalous. If there is an organization likely to pull the McGuinty reform in a slightly more promising direction before spring, it is 25in5. To the extent that that falls short of a modest social democratic plan, let alone a more thorough socialist project, the issue is one of how to build organizations and capacities to push forward after the 2009 budget.

Organizationally, the 25in5 experience demonstrates how building campaigning vehicles by federating existing advocacy organizations is difficult, and even ill-advised. Existing organizations are tied to mandates and funders who limit their ability to participate in coalition campaigns, and impose all sorts of conditions about what demands are acceptable or not. 25in5 partially got around that by creating an informal inner

cabinet to hammer out decisions and directions, rather than setting up a formal organization. The cost is a lack of democracy and accountability, and a top-down campaign style. This is not a campaign organization that will leave a base for continuing action and pressure.

Politically, the problem is not the cabal of reform-minded leaders, but the absence of an organized push from the left that would force the 25in5 leadership to defend all aspects of the platform, and that could push poverty reduction beyond McGuinty's self-imposed neoliberal limits. The anti-poverty networks in Ontario are in a weak and fragmented state after fifteen years of cuts and attacks on social assistance, starting with the NDP expenditure review of 1993. In more than a few cities, it took organization by SPNO to prod them into action to prepare a forum with their MPPs.

The regional and local networks, for all of their exemplary radicalism, are also limited by seeing poverty through the lens of social assistance. This is understandable, as many groups work closely doing casework with social assistance recipients, but it also tends to skew demands towards specific improvements to the existing system. It is a vision of improving life for those on the margins, more than an ambitious program for changing the mainstream so that it does not create such large margins.

The organizations that we might expect to elaborate such a broader program have also been missing in action. The Ontario NDP is clearly too busy getting orange to see the ready-made

social democratic platform staring it in the face. Rather than trying to understand its place in the campaign, its MPPs have instead largely milked the consultations for self-serving leadership campaign publicity, such as Michael Prue complaining about his exclusion from some of Minister Matthew's consultations. The Ontario labour movement has also been largely missing in action. In a situation ripe for politicizing how the Ontario labour market is leaving a growing number of workers in poverty and organizing on that basis, it has instead left the crafting of strategy to the inner-core of 25in5, in the bizarre belief that their holy grail of "card-check neutrality" might see the light of day.

In sum, we are at a point in neoliberalism where accumulated social problems are forcing governments and capital to consider new policy responses. But those responses are highly constrained by the deeper commitment to neoliberal statecraft. The lessons of the McGuinty poverty reduction strategy are mixed. On the one hand, there is a popular appetite for a program of demands that pushes against and beyond the limits of neoliberalism. On the other hand, the left needs both to better anticipate emerging policy openings and to develop agencies to engage both the state and liberal-reformist social policy groups, if it is to effectively advance its project and avoid cooptation. **R**

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