

November 08, 2008

Laurie Monsebraaten

As part of his compelling "Yes We Can" campaign to make meaningful change in the lives of average Americans, President-elect Barack Obama promised to cut poverty in half within a decade.

Canada has no plan to fight poverty. And Stephen Harper's Conservatives didn't offer one during our recent federal election.

But with Obama's historic win this week, many anti-poverty activists here believe new pressure is on Ottawa to address social and economic inequality.

However, social policy expert John Stapleton argues in a new report that the foundation of a Canadian plan is already in place.

The Harper government's new registered savings plan for the disabled and tax-free savings account coupled with the working income tax benefit may one day be supports as important for working-age adults as today's pensions for the elderly and child benefits for the young, he says.

"Could the model for ending poverty in Canada be right under our noses?" Stapleton asks in the report funded by the Metcalf Foundation, a Toronto-based charity committed to building a just, healthy and creative society.

Canada is already ahead of the Americans because of our universal health-care system, he says. Our existing income support programs for seniors and kids are also more comprehensive and generous.

But for adults in their working years, employment insurance is really the only widely available support. And rule changes in the 1990s have cut eligibility from about 80 per cent of those out of work to less than 40 per cent. As a result, poverty rates among working-age adults remain stubbornly high at about 12 per cent.

The three new measures – aimed at working-age adults – look much like elements of the popular and successful income support systems already in place for seniors and children, Stapleton says. Both systems – which began as simple welfare programs – eventually developed four features Stapleton calls the "DNA for successful income security programs in Canada."

They include:

A widely available benefit

A targeted benefit to help people with low incomes;

A registered tax shelter to encourage savings;

Matching contributions to reward individual savings.

Harper's new initiatives for working-age adults contain the same DNA, Stapleton says.

Employment insurance is the widely available benefit. The new Working Income Tax Benefit is the targeted benefit for low-income people with earnings. Although it is very small and covers only the very poor – it amounts to a maximum of \$500 for an individual with a net income of \$12,833 or less – it has the potential to become a more significant support, Stapleton says.

The Tax Free Savings Account, introduced in the last budget, is the first registered program to help adults trying to save money during their working lives for uses other than retirement or education. It, too, is modest – capping savings at \$5,000 annually. But, again, it allows low-income Canadians a place to shelter small windfalls, he says.

The Registered Disability Savings Program provides up to \$20,000 in grants to beneficiaries from low-income families and rewards middle-income families by granting \$3,500 for every \$1,500 invested annually, up to \$70,000.

Sheila Regehr of the National Council of Welfare, which advises the federal government on social issues, thinks Stapleton may be on to something.

{{(GA_Article.Images.Alttext\$)}}

Social policy expert John Stapleton believes new federal tax programs for working-age adults may one day be as important as today's pensions and child tax benefits.

TORONTO STAR GRAPHIC

"Why can't we take advantage of what we've got?" she asks. "People tend to look at what's happening (on poverty reduction) in Europe and other countries and think well, yes, but this is not Canada."

Many countries see our benefits for seniors and children as models to follow, she says. "If we could just bring it all together in a broader plan for everyone ..."

Finn Pochmann, research director for the conservative C.D. Howe Institute, also likes Stapleton's analysis for its simplicity.

"The tools are in place. We should start using them," he says, adding that provincial governments could add to each of the elements to address regional needs.

But economist Armine Yalnizyan of the Canadian Institute for Policy Alternatives thinks the new programs would have to be significantly redesigned to really make a difference to poor Canadians.

Under its current form, the well-off will benefit most from the tax-free savings account because the poor need every dollar they have – and then some – just to survive, she notes. The program is estimated to cost \$55 million in the next 15 months, rising to hundreds of millions annually within a decade, Yalnizyan adds.

Stapleton expects his report will be rejected by many in the trenches of the war on poverty, but he notes that Canadians' conflicted attitudes to poverty – polls show a significant minority still believe it stems from personal shortcomings as opposed to broader social inequities – means radical change won't likely fly.

"Our income support programs evolve to match the attitudes of our people," he says. "If we can look at this pattern of development objectively, it may give us important clues about how income security will evolve in Canada into the future – for all Canadians, not just seniors and children."

Stapleton's full report is available at www.metcalfoundation.com.