



*The Equity Diamond: National values in terracotta compared to regional ones in blue.*  
 Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*; **Adult literacy:** UNICEF, *The State of the World's Children, 1998*; **GDI** (Gender Development index): UNDP, *Human Development Report 1998*; **GINI:** World Bank, *World Development Indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

*The Canadian government boasts about Canada's number one ranking on the United Nations Development Programme's Human Development Index. However, Canada's ninth place position on the Human Poverty Index for 17 industrial countries is more indicative of social trends. In light of the data presented in this report, it is apparent that Canada's number one ranking on the Human Development Index hides many blemishes.*

## BELIEVE IT OR NOT: MORE POOR PEOPLE

In 1996, 5.2 million Canadians lived in poverty, up from 3.5 million in 1989. As a proportion of the total population, the poverty rate climbed to 17.6% from 13.6% in 1989. In 1989 the House of Commons unanimously passed a resolution promising to eliminate child poverty by 2000. **However, between 1989 and 1996 the number of poor children rose by 547,000, driving the child poverty rate up to 20.9%, the highest in 17 years (NCW 1998A).**

The 1991 census showed that the groups with the highest poverty rates were Aboriginal peoples (30%), visible minorities (27%) and people with disabilities (24%) as compared with the general population (16%). Furthermore, women are 1.3 times as likely to live in poverty as men. The overall poverty rate for women 18 to 24 years old is 26.7% but skyrockets to 70.1% for unattached women under 25. Nine out of ten families led by single mothers under 25 years old live in poverty. (NCW 1998A)

A survey of 140 food banks in Ontario found that the proportion of users who «had no income whatsoever» rose from 2% in March of 1997 to 5% a year later (TS 03/10/98).

## STRUCTURAL ADJUSTMENT

Rising poverty is largely a consequence of the government's fiscal and monetary policies to offset the budget deficit. These policies constitute a type of structural adjustment programme, although the term is not often used in Canada to describe the austerity policies adopted to please Ottawa's creditors.

As part of Ottawa's deficit-fighting strategy, some social programmes were eroded gradually through such measures as deindexation of benefits relative to inflation, while others were eliminated. The cumulative effect was substantial. The National Anti-Poverty Organization (NAPO 1998) reports that «In real per capita terms, federal cash transfers for social programmes fell by more than 40% between 1993 and 1997.»

One of the most devastating cuts was a 47% reduction in unemployment insurance payments. As a result of tougher eligibility criteria, the proportion of the unemployed who received benefits in 1998 fell to only 36% as compared with 87% in 1989. (Hayes 1998)

## A DECISIVE CHANGE

The largest spending cuts involved reduction of federal cash transfers to the provinces for health care, post-secondary education and social assistance. The introduction of the Canada Health and Social Transfer (CHST) in the 1995 federal budget was a watershed moment. Katherine Scott (1998) of the Canadian Council on Social Development describes the CHST as «a fundamental change in the administration and funding of social programmes... that will have a significant impact on the lives of women.»

Under the CHST the total value of revenue transfers from the federal government to the provinces (including authorisation to collect taxes) declined by 15%. Actual cash transfers were cut by one-third from 18.8 billion Canadian dollars in 1993–94 to 12.5 billion in 1997–98 (AFB 1998).

In the wake of the CHST, several provinces slashed welfare benefits (most notably a 21.6% cut in Ontario) and tightened eligibility requirements. Benefits remain consistently below the poverty line with wide variations from province to province. For example, benefit rates for single-parent families ranged from a low of 50% of the poverty line in Alberta to 68% in Newfoundland. Benefit rates for single disabled people extend from 42% of the poverty line in Alberta to 73% in Ontario (NCW 1998B).

These cuts to social assistance are especially devastating because they come at a time when there is a growing gap between what the wealthy and the poor receive through «market» activities, that is earnings from wages, salaries, self-employment and returns on investments. A recent study of trends in market incomes of Canadian families with children under 18 reveals increasing disparities: «In 1973 the top 10% of families earned an average income 21 times higher than the bottom 10%... By 1996 the top 10% earned 314 times as much as the families in the bottom 10%.» (Yalnizian 1998)

## «DESERVING OR NOT»

The major policy initiative aimed at alleviating child poverty is the Child Tax Benefit (CTB). The CTB treats welfare recipients and low income workers differently by including additional benefits for working poor families with children that are not available to welfare recipients. This introduces into Canadian social policy an offensive distinction between the «deserving» and the «undeserving» poor. The Child Poverty Action Group assesses the scale of benefits offered under the CTB as inadequate. Moreover, **the group says the initiative overestimates the capacity of the low wage labour market to absorb more workers while failing to recognise the value and legitimacy of caring for young children.** (Freiler and Cerny 1998) The National Anti-Poverty Organization observes that the CTB may benefit low-wage employers rather than the poor as it may force more welfare recipients into ranks of working poor.

## UNEMPLOYMENT

The lack of remunerative jobs is at the heart of Canada's growing poverty. It makes no sense to force people off of welfare and into the labour market if there are too few jobs available. As the National Council of Welfare (NCW 1997) attests, «Welfare reform without job creation simply does not work.»

### **The primary cause of persistent high unemployment has been the two prongs of Canada's structural adjustment programme.**

First, government spending cuts led to large public service layoffs and reduced effective demand for goods and services. Secondly, monetary policy, aiming to hold down inflation, kept interest rates too high for too long. As a consequence, the nominal unemployment rate rose from a cyclical low of 7.5% in 1989 to an average of 10% over the years 1990 to 1997. Unemployment fell to 8.5% in the first half of 1998, largely due to the stimulus provided by lower interest rates.

Real unemployment remains higher than the nominal figures suggest, as many discouraged workers have dropped out of the labour force. Youth unemployment is higher still. The nominal unemployment rate for youth aged 15–24 was 17% in 1997, with the real rate estimated at above 25%.

## RIGHTS FOR ALL

When it introduced the CHST, the federal government eliminated all conditions attached to the use of federal money for social assistance except for a residency requirement. In the absence of these conditions several provinces have introduced work for welfare programmes, known as «workfare». The National Council of Welfare (1997) notes that «If people really want to “punish” welfare recipients, workfare is a good way to proceed. Its primary result is converting large numbers of poor welfare recipients into poor low wage workers.»

Workfare tends to cost governments more than it saves because of added costs for administration and childcare. Compulsory workfare increases women's vulnerability to sexual harassment and exploitation. Workfare also displaces other workers from their jobs without creating meaningful new opportunities. People on workfare assignments in Ontario are explicitly exempted from the protection offered other workers through employment standards legislation.

### **The dismantling of social programmes has both immediate and long-term consequences for women.**

As Shelagh Day and Gwen Brodsky (1998) observe: «Also at stake is the ability of women's human rights to be a vital, responding, alternative discourse in a time of global and national restructuring.» Women's voices in Canada have been muffled by government funding cuts to non-governmental advocacy groups such as the National Action Committee on the Status of Women. The federally funded Women's Programme Fund has been cut from 13 million Canadian dollars in 1988 to 8.25 million in 1998.

Since 1995 all immigrants and refugees over the age of 19 must pay a 975 Canadian dollars tax to gain landed status. This is in addition to an existing 500 Canadian dollars processing fee for each adult. «Canada is the only western country that charges a head tax on refugees», notes an anti-racist advocate. (ECEJ 1996)

More detestable still is the fact that some children of refugees and asylum seekers have been denied access to schooling and social services.

**Canada has not signed the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, citing its «drafting deficiencies».** Thus the government is sidestepping any commitment to extend to temporary contract workers, such as women domestics and seasonal agricultural workers, the same rights it gives to Canadians and landed immigrants (Intercede 1997).

Racism continues to be a factor in Canadian society. According to a study by York University's Institute for Social Research «graduates from low-income and visible minority families had a tougher time finding full-time work than those from affluent families of European backgrounds, even when there were similarities in the programme of study at York, generic skills, marks, and part-time work.» (Rehnby and McBride 1997)

## EDUCATION

While the UNDP's Human Development Index chart claims that Canada has an «adult literacy rate» of 99%, other measures of adult literacy show a more problematic picture. The UNDP's own Human Poverty Index puts the percentage of the population aged 16–65 who are «functionally illiterate» at 16.6% based on the International Adult Literacy Survey for prose level one. Other data from the same survey show that 22% of adult Canadians fall into the lowest level of literacy, that is they have serious difficulty in dealing with printed materials. Moreover, another 22–24% are in the second lowest level comprising people who can read but not well (Reading the Future 1996).

The cutbacks of federal funding for post-secondary education under the CHST have contributed to tuition fee increases of 88% between 1990 and 1997. Fees rose another 7.2% for the 1998–99 academic year in every province except British Columbia and Quebec. (CFS 1998) Since 1992 university enrollment has leveled

off. The Canadian Federation of Students reports that these tuition hikes and growing student debt loads are inhibiting students from low and middle-income backgrounds from attending universities or other post-secondary institutions. Canada has instituted a 2.5 billion Canadian dollars Millennium Scholarship Foundation to provide scholarships to students from low and middle income families, but this fund, which will help only 7% of students over 10 years, falls short of the standard set by 16 other OECD countries that have no tuition fees for post-secondary students.

## HEALTH CARE

The link between social conditions and health is starkly illustrated by the plight of aboriginal people in Canada who «have seven years less life expectancy than the overall Canadian population and almost twice as many infant deaths.» (Health of Canadians 1996) The poor health of indigenous people in Canada is directly related to the social environment described in the accompanying box.

Canadians take pride in a universal health insurance programme known as Medicare. Although it is administered by the provinces, Medicare depends on federal transfers. The spending cuts under the CHST are beginning to erode the programme's universality. The National Anti-Poverty Organization (NAPO 1998) notes a «creeping privatization of the health care system» as fewer services are covered by public insurance and the share of private spending on health care rises.

## CANADA'S INTERNATIONAL RESPONSIBILITIES

Canada's Official Development Assistance (ODA) contributions have declined from a high of 0.49% of GNP in 1991/92 to a projected low of 0.27% in 1998/99. **In real terms the value of ODA has fallen by 36%.**

## FIRST NATIONS

Much of Canada's wealth comes from land taken from its original inhabitants, the First Nations. Yet Canada consistently denies Aboriginal people fair access to that wealth. Dispossessed of their original economic base, Aboriginal people are among the poorest of Canadians.

Although some indicators point to a gradual improvement in social conditions, First Nations' people who live on reservations have the poorest living conditions in the country. **If on-reserve native peoples were a nation ranked on the UNDP Human Development Index they would place 63<sup>rd</sup>, a shocking contrast to Canada's number one placement.** Only half of the on-reserve housing units existing in 1992 were considered suitable for habitation: 31% had neither piped nor well water and a similar proportion had neither piped sewage or septic fields (ECEJ 1996).

Native Canadians living off reserves would rank 35<sup>th</sup> on the UNDP index. Although the gap between what First Nations peoples and non-natives earn shrank during the 1980s, Aboriginal Canadians still earned less than half the national average in 1991.

*Indian Affairs and Northern Development 1995*

For the first time in two mandates, the Liberal government reduced ODA in the 1998/99 budget by less than was previously announced and indicated that this was a «signal that... [it] will make progress towards the ODA target of 0.7% of GNP.» Non-Governmental Organisations described the «signal» as a «faint flicker» as ODA continues to decline.

**Commercial considerations continue to dominate Canadian aid policy. 70 cents out of every dollar of Canadian aid was used to purchase Canadian goods and services in 1995–96, up from 65 cents in 1991–92 (Tomlinson 1997).**

Canada's Finance Minister has responded to calls by the Canadian Ecumenical Jubilee Initiative for more debt relief for low income countries by citing Canada's participation in the Highly Indebted Poor Country (HIPC) initiative of the World Bank and the IMF. Canada has pledged USD 22 million in grants to HIPC eligible countries of which USD 14 million is earmarked to enable the African Development Bank to participate in the HIPC initiative.

While the Minister of Finance has indicated an openness to the Jubilee 2000 debt remission campaign's petition for writing off entirely the bilateral and multilateral debts of the poorest countries, there is, as yet, no indication of a willingness to untie debt relief from insistence on orthodox Structural Adjustment Programmes.

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