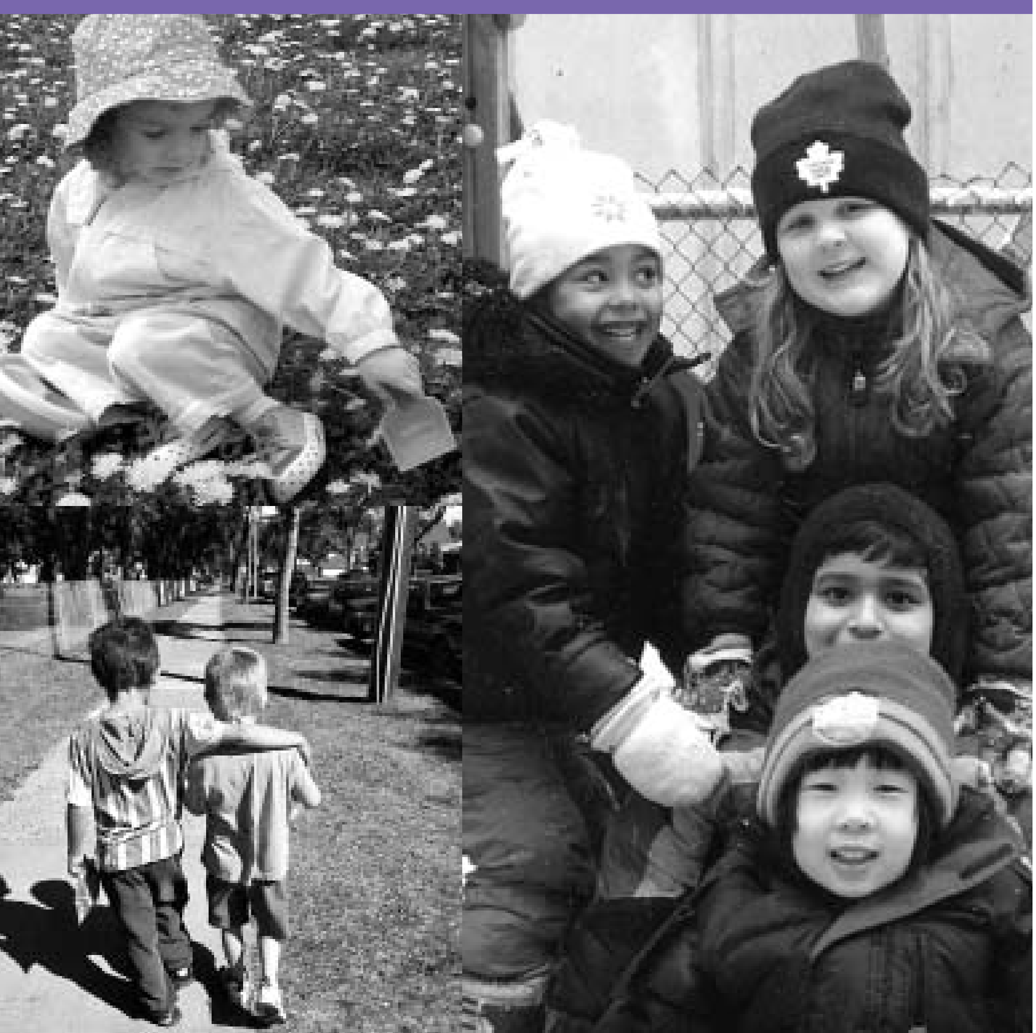
Campaign 2000 Policy Perspectives

Pathways to Progress: Structural Solutions to Address Child Poverty

Written by Christa Freiler,
Laurel Rothman
and Pedro Barata



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Campaign 2000 is a cross-Canada public education movement to build Canadian awareness and support for the 1989 all-party House of Commons resolution to end child poverty in Canada by the year 2000. Campaign 2000 began in 1991 out of concern about the lack of government progress in addressing child poverty. Campaign 2000 is non-partisan in urging all Canadian elected officials to keep their promise to Canada's children.

The Campaign 2000 Policy Working Group and the Campaign 2000 Steering Committee call for serious consideration and public discussion of the options promoted in this paper. However, the authors assume full professional responsibility for the details of the paper. For a complete listing of Campaign 2000 partners across the country, please refer to the back cover.

This paper was prepared by Christa Freiler, a founding member of the Child Poverty Action Group (Canada); Laurel Rothman, National Coordinator of Campaign 2000 and Director of Community Building and Social Reform of the Family Service Association of Toronto; and Pedro Barata, Policy Advocate, Family Service Association of Toronto.

Special assistance and social policy advice was provided by Marvyn Novick of Ryerson University. Additional assistance was provided by the following individuals and organizations, including members of the Campaign 2000 Policy Working Group and Steering Committee: Maryann Bird of the Child Care Advocacy Association of Canada; Greg deGroot-Maggetti of Citizens for Public Justice; Michael Goldberg of the Social Planning and Research Council, British Columbia; Sid Frankel of the University of Manitoba Faculty of Social Work and the Social Planning Council of Winnipeg; Martha Friendly of the Childcare Resource and Research Unit, University of Toronto; Wayne Helgason of the Social Planning Council of Winnipeg; Colin Hughes of the Children's Aid Society of Toronto; Andrew Mitchell of Thinking Cap Consulting; Simon Rosenblum of the Canadian Jewish Congress - Ontario Division; Tara Rudy of the Social Planning Council of Winnipeg; Helen Saravanamuttoo of the Canadian Association of Social Workers; Zena Simces of the Canadian Jewish Congress; and Cindy Wiggins of the Canadian Labour Congress.

A special thank-you also goes to: Sharon Chisholm of the Canadian Housing and Renewal Association; Michael Shapcott of the Centre for Urban and Community Studies of the University of Toronto; Larry Wucherer of the Aboriginal Council of Winnipeg; Sonia Prevost-Derbecker of Ndinawemaaganag Endaawaad (Our Relative Home - a Safehouse in Winnipeg); Darlene Hall of the Social Planning Council of Winnipeg; Hugh Mackenzie of Hugh MacKenzie and Associates; Sheila Block of United Steelworkers of America; Heather Levecque of the Ontario Federation of Indian Friendship Centres; Janis Douglas of the Canadian Association for Community Living; Cara Mirabelli and Mary Anne Angeles, student interns of Campaign 2000; Liyu Guo of Campaign 2000, as well as many Campaign 2000 partners who contributed to the development of the paper. Editorial assistance was provided by Cheryl Hamilton and translation by Jocelyne Tougas.

We at Campaign 2000 wish to extend our thanks to all of the individuals and organizations mentioned above for their assistance and support in the preparation of this paper.

Also available in French (Disponible en français) under the title *Les voies du progrès : solutions structurelles pour s'attaquer à la pauvreté infantile*.

ISBN: 1-894250-30-3

Publication:	Campaign 2000, Toronto, ON
Design:	Nancy Steckley, Toronto, ON
Printing:	Thistle Printing
Photos:	Courtesy of the United Way of Greater Toronto and Campaign 2000 file photos

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Liyu Guo, Campaign 2000
c/o Family Service Association of Toronto
355 Church St., Toronto, Ontario, M5B 1Z8
Telephone: (416) 595-9230, ext. 244
Fax: (416) 595-0242
E-mail: liyugu@fsatoronto.com
Web-site: www.campaign2000.ca

Funding support for the preparation of this paper is provided by the Laidlaw Foundation. The views expressed herein are those of the Campaign 2000 Policy Working Group, the Steering Committee and the authors, and do not necessarily represent those of the Laidlaw Foundation.

Dedicated to Ryva Novick (1938-2003), founder of the Children's Storefront in Toronto and a pioneer in the creation of family resource centres in Canada.

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Executive Summary

Child poverty remains firmly entrenched in Canada. *Pathways to Progress: Structural Solutions to Address Child Poverty* challenges governments to work together on a social investment strategy that will forge pathways out of poverty for one million children today, and will secure pathways to the future for generations to come.

The Campaign 2000 policy options paper calls for the leadership and action of both the federal and provincial/territorial levels of government, and the involvement and participation of municipal governments, Aboriginal leaders, communities, voluntary sector organizations and citizens in implementing solutions.

For almost 30 years, Canada has maintained an average poverty rate of one child in six. This can be called the structural rate of child poverty. It is a constant pattern in the fabric of Canadian society, woven from the threads of social and economic inequality. It is undermining the current well-being and future prospects of a million children – and of Canada as a nation.

This country needs a comprehensive, multi-year plan, with firm funding commitments, to achieve substantial and sustained reduction and prevention of child poverty. Under a Social Investment Plan for Children and Families, governments should:

- increase availability of good jobs at living wages, raise minimum wages and provide better protection through Employment Insurance;
- create an effective child benefit system that provides enough income support to keep working parents, including single parents, out of poverty and that is not clawed back from social assistance recipients;
- build a universally accessible system of quality early childhood education and care to support optimal early development of children and to enable parents to work or receive training;
- expand affordable housing significantly to end adult and family homelessness and enable parents to raise their children in healthy community environments; and
- renew the national social safety net through the new Canada Social Transfer, with increased federal funding and improved accountability for provincially delivered social services, including social assistance.

A national plan, with targets and timetables, should be in place by the end of 2004 and implemented in the next five years. The major initiatives that Campaign 2000 proposes to implement the Social Investment Plan will require major increases in public revenue in the next five years. There should be protected revenues for social investments in children and families. A commitment of at least 1.5% of GDP or approximately $18 billion would provide a *solid base* on which to develop these initiatives.

The major fiscal levers rest in the hands of the national government. Solving the structural issues that perpetuate high levels of child poverty is a challenge for all of Canada. It requires a pan-Canadian response. Citizens are tired of hearing that solutions are not possible because of the lack of inter-governmental cooperation. No government *supports* child poverty. The federal government must come to the table with appropriate funding strategies, but other levels of government and communities must play their part too.

While child poverty looks like an intractable problem in Canada, the experience in other nations shows that it need not be so. Child poverty rates vary greatly among industrialized countries, from well below 5% in the Nordic countries to over 20% in the United States. Canada's rate of 15.7% puts this nation in the top five nations for child poverty with the U.S., Italy, U.K. and Australia.

Canada has the know-how and the wealth to make a meaningful, long-term reduction in the level and depth of child poverty and to prevent yet another generation of children from growing up in poverty. Some of the mechanisms are already in place, like the Canada Child Tax Benefit and the Affordable Housing Framework Agreement. It remains for the federal government to summon the resolve to do what needs to be done.

A broad mix of revenue strategies is open to the federal government. To begin to restore the government's fiscal capacity, after years of tax cutting (in particular, the $100 billion in tax cuts over five years announced in the 2000 budget), the federal government should desist from further general tax cuts. Instead of channelling billions of dollars in fiscal year-end surpluses to pay down the country's financial debt every year, surplus revenues should be put to work addressing the social and community infrastructure deficits that are undermining Canada's future.

The ultimate goal for Canada should be to create environments where children can thrive – not merely survive. This means developing the talents, skills and capacities of children to benefit from and contribute to community life and to assume a range of social responsibilities. Poverty and income inequality are major barriers to the healthy development of children, to the cohesion of our communities, as well as to the social and economic well-being of Canada as a whole.

Major Initiatives to Implement the Social Investment Plan

Campaign 2000 makes recommendations for major initiatives under each of the five core elements of a Social Investment Plan: more good jobs at living wages; an effective child benefit system; a universal early childhood education and care system; expanded affordable housing; and a renewed social safety net.

1. More Good Jobs at Living Wages

We recommend that:

- provincial/territorial governments and the federal government raise the minimum wage under their jurisdictions to a living wage of $10 an hour by the end of 2007, beginning with a raise to $8 by the end of 2005 and to $9 by the end of 2006.
- a federal-provincial Living Wage Commission be established by the fall of 2004, with a reporting deadline of December 31, 2005. The Commission would have the mandate to study and make recommendations on a range of issues affecting wages, hours of work, benefits, collective bargaining and barriers to employment of recent immigrants to Canada.

- the federal government restore eligibility for Employment Insurance (EI) by introducing a uniform 360-hour qualifying requirement, and extend the EI benefit period to one year to protect all earners, including low income parents, when the economy is in recession.
- a federal-provincial Labour Market Strategy for People with Disabilities be developed that recognizes the need for a specific disability-supports strategy as one step in an overall labour market strategy.
- the federal government explore, with provincial/territorial and municipal leaders, the introduction of living wage ordinances to leverage the creation of good jobs through contracts with employers.

2. An Effective Child Benefit System

We recommend that:

- the federal government consolidate current child benefits into a single program in the first year of implementation of the Social Investment Plan and raise the child benefit to a maximum of $4,900 (in 2005 dollars) per child by 2007.
- a three-year phase-in of new investments to reach the target of an additional $10 billion for the Canada Child Tax Benefit as follows: $4 billion in 2005, with $3 billion annual enhancements in each of the next year two years (2006 and 2007).

3. A Universally Accessible System of Quality Early Childhood Education and Care

We recommend that:

- the federal government, working with the provinces/territories and community experts, take leadership in developing a comprehensive system of early childhood education and care for Canadian families. This process must begin with long-term goals, legislative and policy frameworks, and clear objectives, targets and timetables to guide implementation over the next decade.
- the federal government annually increase its allocation to early childhood education and care services to $6 billion by 2008 with the goal of increasing the supply of services and improving affordability for families.

4. Significant Expansion of Affordable Housing

We recommend that:

- 25,000 new affordable housing units be built every year for the next five years. The federal and provincial/territorial governments must break the logjam around existing commitments and take immediate action to increase supply.
- the federal government commit at least $2 billion in each of the next five years to meet the pressing need for affordable housing.

5. A Renewed National Social Safety Net: Canada Social Transfer

We recommend that:

- the federal government establish clearly demarcated funding mechanisms for each of the areas of health, post-secondary education, early childhood education and care, social assistance and social services, and housing.
    - Federal transfers for life-cycle transitions, such as post-secondary education expenses and early learning and child care, support crucial pillars of Canada's human development agenda which should be funded separately as universal entitlements.
    - The Canada Social Transfer should focus federal contributions on social assistance programs and social services. These programs form part of the basic assurances to help ensure stability, predictability and security for families and individuals.
- the federal government begin to rebuild transfers for social assistance and social services, and negotiate a new funding formula with the provinces/territories that provides sufficient, stable and predictable funding and recognizes regional economic variations.
- substantive and enforceable principles for social assistance be established to ensure that this social safety net program of last resort provides adequate income support and is available to all low income Canadians who are without other means of support. All applicants and recipients must be guaranteed the right of appeal.

Strengthening Social Policy Foundations

There are other key areas where policy development efforts and financial resources are needed, including the following:

We recommend that:

- a collaborative Urban Aboriginal Strategy be developed by the federal and provincial/territorial governments together with urban Aboriginal communities. Under the Canada Social Transfer, both levels of government should agree to commit financial support to community-based, off-reserve Aboriginal services that would be planned and delivered by Aboriginal agencies.
- the federal government commit to national investments through the provinces to freeze and lower tuition fees for post-secondary studies across Canada. Federal/provincial/territorial governments should improve access to post-secondary education by increasing the student financial aid package and allocating a higher proportion of aid to needs-based grants.
- the federal government, with the provinces and Aboriginal leaders, develop an agenda of inclusion for children with disabilities and their families to ensure their full participation and engagement in all aspects of community life.

Recovering and Protecting Public Revenue to Invest in Families and Children

Campaign 2000's proposals are reasonable and realistic. Compared to 13 other OECD countries in 2000, Canada's total tax revenue as a percentage of GDP was lower than 11 of them. There is clearly room to do more.

We recommend a broad mix of strategies including new revenue sources to secure reliable, ongoing funding for investments in children and families. First steps include:

- no further general tax cuts; and
- the creation and sustaining of a National Community Infrastructure Fund for affordable housing, the capital costs of expanding early childhood education and care, and other social and physical infrastructure needs.

Other options to be considered and explored include:

- new income tax rates to restore equity to the system;
- designated surcharges on income tax for human development investments;
- modest increases in consumption taxes with corresponding enhanced credits for lower income earners.

Introduction

> *We should essentially establish the elimination of child poverty as a great national objective, not unlike what we did with the case of the deficit.*
>
> Hon. Paul Martin, Federal Minister of Finance, November, 1998

> *The challenge which Canada faces is to build the foundations for a strong human development nation in which the presence of every person is valued, where every person can contribute, and where every person is worthy of respect. This has become the international standard for nations in the 21st century.*
>
> Marvyn Novick, Professor of Social Policy, Ryerson University, in *Fundamentals First: An Equal Opportunity from Birth for Every Child,* 1999

As Canada approaches the 15th anniversary of the 1989 all-party resolution by Parliament to end child poverty, one thing is abundantly clear. There has been inadequate progress towards this all-important societal goal.

In fact, as this report will show, the basic level of child poverty in this country has hardly changed in almost 30 years. In 1973, 16.5% of children under 18 lived in poverty and in 2001 the percentage was 15.6%. There have been cyclical variations in between, reflecting economic recessions and recoveries, but Canada has maintained an average poverty rate of one child in six. This can be called the structural rate of child poverty. It is a constant pattern in the fabric of Canadian society, woven from the threads of social and economic inequality.

Why Has Canada Maintained a High Rate of Child Poverty?

Is it lack of knowledge about what to do? After two decades of child poverty advocacy, numerous research and policy reports by governments and others, and a solid store of cross-national knowledge and experience to draw on, this can hardly be true.

Is child poverty an inevitable and immutable fact of life? Well, no. Other nations have managed to do so much better than Canada. Child poverty rates vary greatly among industrialized countries, from well below 5% in the Nordic countries to over 20% in the United States.

Do Canadians accept a 16% rate of child poverty as normal and acceptable? Canadians consistently rank child poverty as a high priority in public opinion polls, and governments at all levels continue to identify child poverty as an important challenge.

Have Canada's efforts to reduce child poverty simply not worked? Efforts have actually produced positive results, as far as they went. Recent government investments in child tax benefits, for example, have made a difference – just not enough of a difference.

Is it because low income parents aren't working hard enough? Lone parent families, who are usually mother-led, are among the most vulnerable even when they are in the labour market. Lone mothers who work full time to support their children in minimum wage employment cannot escape poverty without income supplements – most will not even come close.

Is it because Canada cannot afford to reduce child poverty substantially? Compared to 13 other OECD countries in 2002, Canada's total tax revenue as a percentage of GDP was lower than 11 of them. There is room to do better.

What *is* the problem, then? The problem is the reluctance on the part of Canada's governments to act on lessons learned. Governments continue to offer piecemeal initiatives instead of the comprehensive social investment strategy that is clearly needed.

Child and family poverty is a structural problem that exists because the economy creates inequalities in resources and opportunities. This means that the risks of poverty are systemic, not the result of demographic trends or the behaviour of parents. The persistence of high rates of child poverty in Canada points to the gross inadequacies of the labour market and the income security system.

Canada's labour market does not guarantee a pathway out of poverty for families on low incomes. Its income security system does not provide a solid income floor to protect economically vulnerable families from falling into poverty.

Canada will never be able to end child poverty unless families are prevented from falling into poverty in the first place. Unless the structural sources of child poverty are addressed, there will always be a new vulnerable group that ends up in poverty and replaces others for whom progress is being made. This is demonstrated by recent data showing that, for the last two decades, child poverty rates have been going down for young children with Canadian born parents, but going up among children with immigrant parents (Statistics Canada, 2003a).

The consensus among policy experts and researchers is that government investments in social programs and quality labour markets account for the differences in child poverty levels among countries, not demographic changes or patterns of family formation (UNICEF, 2000).

There is no simple or low-cost solution to ending child poverty. Countries with the lowest levels of child poverty have the highest rates of social investment. Economic growth by itself is not enough. Canadian and international research is now showing that neither labour market strategies nor income programs *alone* can end child poverty. A successful strategy for ending child poverty requires a comprehensive package of initiatives, including labour market, income security, housing, and early childhood education and care programs.

The Ultimate Goal for Canada: Lessons from Population Health

The ultimate goal for Canada should be to create environments where children can thrive – not simply survive. This means developing the talents, skills and capacities of children to benefit from and contribute to community life and to assume a range of social responsibilities. Poverty and income inequality are major barriers to the healthy development of children, to the cohesion of our communities, as well as to the social and economic well-being of Canada as a whole.

Countries with high levels of poverty and income inequality have lower levels of health and well-being for all citizens, not just those at the bottom. Population health perspectives have been influential in expanding our understanding of well-being by demonstrating that health and well-being are a population phenomenon, rather than a purely individual affair (Hertzman, 2003; Keating and Hertzman, 1999; Raphael 2002). Negative population health effects include decreased social capital and increased social conflict, which have been shown to increase both disease and mortality throughout the population, and not just for the poor (Wilkinson, 1996). "Even the rich can be worse off from inequality", concluded *Business Week,* a major business journal, when research showed that cities with wide wage inequities experienced much slower growth in jobs and income than cities where incomes were more on a par (cited in Freiler, 1995:114).

For individual children and adults, the effects of poverty and inequality include not only the results of poor nutrition, inadequate shelter and environments degraded by pollutants, but also psychological reactions to a lower position in the socio-economic hierarchy (Marmot, 2002). Studies have shown that the degree of inequality in a society is as destructive to the physical and emotional health of children and adults as the level of poverty. This is because the definition of a person's standard of living is a social process. It involves 'a conception of where you are in relation to others' which Wilkinson (1994:51) characterizes as: "What matters now is what people feel about their circumstances and what differences in their circumstances make them feel about themselves*".*

Many Canadians and their governments are concerned with controlling health care expenditures as a strategy for maintaining a publicly funded universal health care system. However, their focus tends to be narrowly placed on the consumption of health care rather than the production of health (Evans and Stoddart, 1990; Raphael, 2003). This narrow focus results in missing many opportunities to control health care expenditure and to improve population health through decreasing the prevalence of poverty and inequality. A recent major report by the Canadian Population Health Initiative reinforces this point. *Improving the Health of Canadians* (2004:154) argues that, in order to promote much-needed change, new choices must be made based on three themes:

- expanding public knowledge and shifting attitudes to emphasize "upstream" determinants of health (such as income, early childhood development and decent housing);
- concretely focusing on ways to reduce health inequalities;
- dedicating everyone at all levels of society to working together.

Building a nation in which children thrive is the surest basis for giving all Canadians the best chance of achieving their highest level of health and well-being and assuring a strong foundation for sustainable economic prosperity. Societies that do not pay attention to human development – the well-being of their citizens, particularly their children – are likely to become 'societies in decline' (Keating and Mustard, 1994).

While the consequences of failing to act decisively to end child poverty are significant for the future of our society, it is important also to remember that children experience poverty *now.* This means that children must be valued as children, not just as 'becoming' adults'. The human development field teaches us that governments should be as concerned about children's everyday well-being and life experiences as with their future productivity and potential as human capital. In the 1980s, Amartya Sen, the architect of the United Nations Development Programme, began to challenge the prevailing ideology for international development based on human capital and economic growth models, which promoted investment in the development of the skills and capabilities of people for reasons of improving economic productivity. He argued for an approach to human development that respected the right of everyone to personal development and growth and the opportunity to contribute to society, regardless of the anticipated future economic return on their efforts (Clutterbuck, 2004; Anand and Sen, 1994).

Making Progress Through Multiple Pathways

There are multiple pathways to progress. By that, we do not mean that Canada can choose this or that byway and get somewhere. Downpayments are no longer enough. A comprehensive, well-funded, multi-year, multi-jurisdictional plan is required to make significant and measurable progress to end child poverty in Canada.

Many families will need to pursue several pathways at the same time. Some families will need increased income support and high quality, reliable child care to stay out of poverty; others, particularly those in our largest cities, will also need stable, affordable housing.

The opportunity to work in good jobs with living wages, decent working conditions and benefits will give some families the chance to get out of poverty. Some will need to pursue further education and training. At other times, families may require the assurance of a reasonable standard of living when parents are not able to be in the paid labour force.

All families must be part of safe, vibrant communities with well-developed community infrastructure, such as public libraries, accessible recreation/cultural services and well-resourced public schools. It is in healthy, inclusive communities where parents can sustain environments in which their children can thrive, not merely survive.

Outline of this Paper

In this policy options paper, Campaign 2000 recommends pathways to progress on child poverty. It calls for the leadership and action of both the federal and provincial/territorial levels of government, and the involvement and participation of municipal governments, Aboriginal leaders, communities, voluntary sector organizations and citizens in implementing solutions.

Section A begins by setting out the structural realities of child poverty. First, we report on the tenacity of child poverty over the last three decades, the most vulnerable groups who are affected, and the increased polarization in our communities, as the gap between rich and poor widens. We acknowledge the national-level commitments made and the initiatives launched to address child and family poverty in Canada.

Second, we explore the experience of the European nations that have a tradition of labour market and family policies quite different from those in Canada. Third, we highlight the gaps and erosion in social security systems, including child tax benefits, employment insurance, social assistance and affordable housing. We discuss dimensions of a human development strategy, including early childhood education and care, education and recreation. The final chapter in Section A looks at Canada's labour market, specifically the impact of low paying jobs.

Section B recommends pathways to progress, starting with objectives and a policy framework, and laying out five core elements of a Social Investment Plan. Major initiatives to be implemented over the next five years are proposed. Recommendations are made in relation to:

- labour market policies to ensure that parents have adequate incomes to raise their children;
- income security programs, particularly an expanded, consolidated child benefit;
- a universally accessible early childhood education and care system;
- secure and affordable housing; and,
- renewal of the National social safety net through the new Canada Social Transfer.

Action is also recommended in three other areas where further policy definition and financial resources are needed to meet our objectives:

- an Urban Aboriginal Strategy;
- investment in post-secondary education to reduce the burden of student fees;
- an agenda for inclusion of children with disabilities and their families.

In the final chapter of this section, we propose ways to restore Canada's fiscal capacity to pay for these major initiatives. We conclude with a call to action.

Section A: The Structural Realities of Child Poverty

1. The Tenacity of Child Poverty in Canada

> *[Three] decades ago the cover of the landmark Senate Report, "Poverty in Canada", portrayed the image of poverty in Canada in the face of an old man. Canadians reacted with shock and dismay. Governments responded with policy action in the ensuing years and substantially reduced poverty among the elderly. Child poverty in Canada has aroused considerable public attention … but has not yet received the same political response as occurred for the elderly in the 1970s.*
>
> Brigitte Kitchen *et al*, *Unequal Futures: The Legacies of Child Poverty in Canada,* 1991

The basic level of child poverty in Canada has hardly changed in almost 30 years, demonstrating once again that economic growth alone will not eradicate poverty. This myth was exposed by the 1971 Senate Committee on Poverty which found that, despite the tremendous growth experienced by the Canadian economy during the 1950s and 60s, poverty did not decline as significantly as was expected (Kitchen et al, 1991).

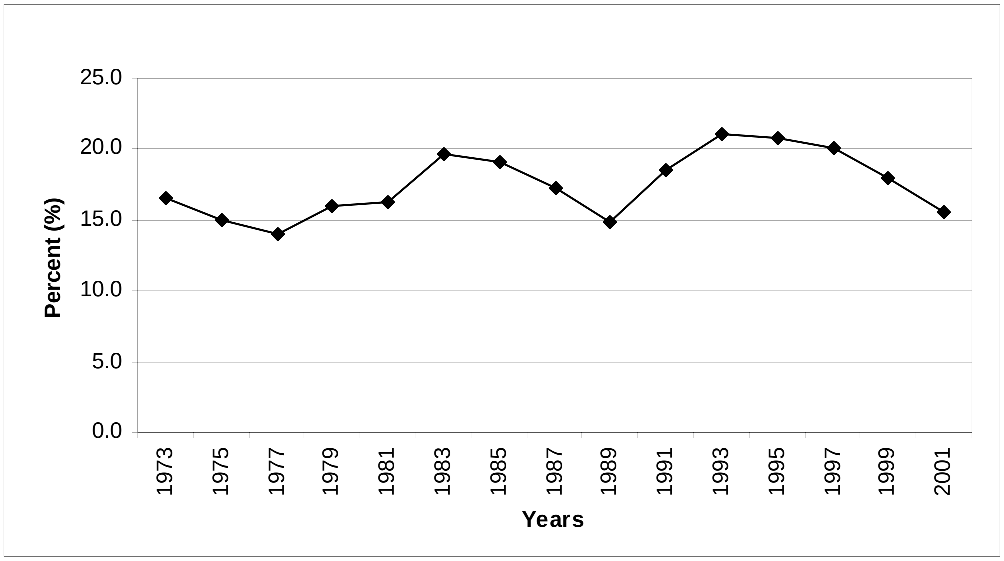
Figure 1 shows the incidence of poverty among children under 18 from 1973 to 2001. The percentage of children in poverty in 1973 stood at 16.5% (1,183,700 children), almost the same as the 2001 rate of 15.6% (1,071,000 children). Notwithstanding the cyclical variations, the overall trend has been flat. The fluctuations reflect the cyclical changes in the economy - the recessions of the early 1980s and 90s, followed by periods of economic recovery.

Child poverty grew to a record high of 21.3 % in the early 1990s as Canada experienced a deep recession and high unemployment. Although the level began to decline at the end of the 1990s, this did not happen as quickly or steeply as economic growth might suggest (Campaign 2000, 2003). In previous periods of economic recession (e.g. during the 1980s), government income programs helped to cushion the blow for families. During the 1990s, however, government social programs did not offset the decline in employment earnings (Heisz, Jackson and Picot, 2002). Government spending cuts made in the name of deficit reduction severely weakened the ability of income programs to protect family incomes.

The rate of child poverty has been decreasing in recent years because Canada's economy has been improving. While the current decline is both welcome and encouraging, we can see that child poverty has gone down at other times in the past, only to go up again when the economy begins to deteriorate.

The child poverty rate over the 28-year period averaged about 16%, or one child in six. This can be considered the structural rate of child poverty. It is rooted in social and economic inequality in this country. It would be difficult to interpret this trend in a positive light, given that Canada consistently ranks near the bottom of every list of industrialized countries in terms of child poverty, yet has managed to cut in half the poverty rate among elderly people. Unlike its international record on child poverty, Canada ranks as one of the best industrialized countries in terms of low poverty rates for the elderly (Heisz, Jackson and Picot, 2002).

FIGURE 1. CHILD POVERTY RATES IN CANADA: 1973 - 2001



Source: 1973-79 data taken from *Unequal Futures: The Legacies of Child Poverty in Canada*, by Child Poverty Action Group and Social Planning Council of Metropolitan Toronto (1991); and 1981-2001 data taken from Statistics Canada's *Income Trends in Canada*, 2001, 13F0022XCB.[1]

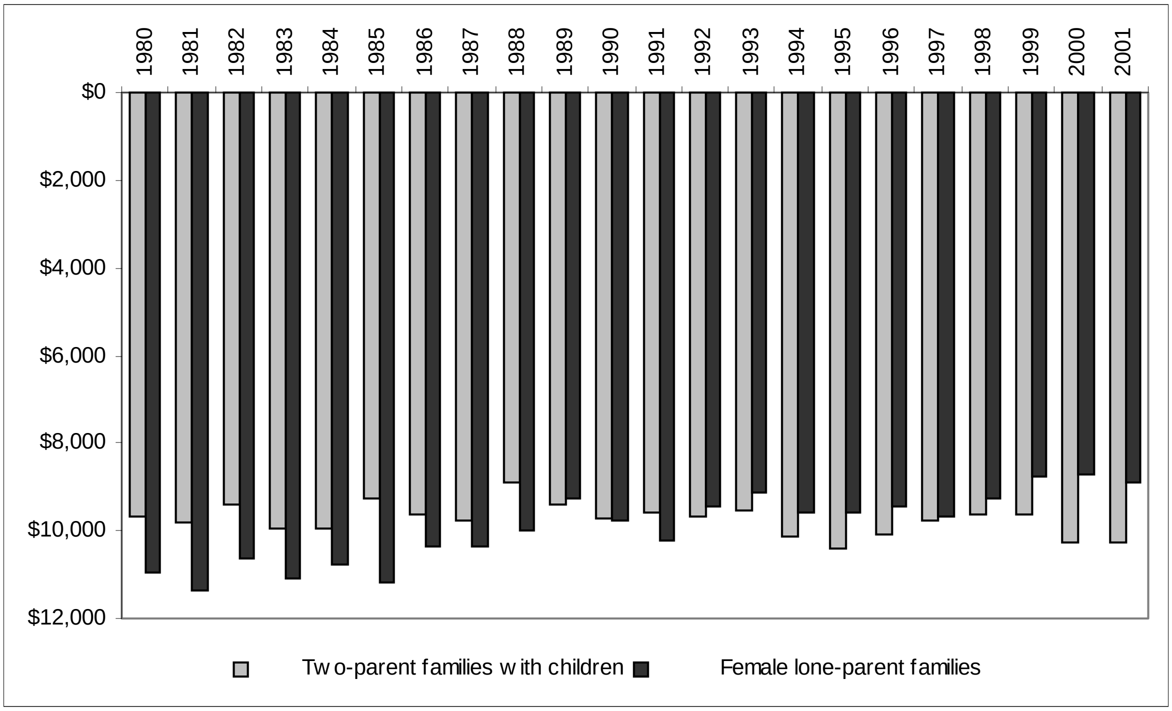
Another worrisome structural constant over the past two decades has been the persistence of deep poverty among low income families (Statistics Canada, 2003b). Throughout the eighties and nineties, low income families with children have remained far below the poverty line irrespective of the ups and downs of the economy (See Figure 2).

Low income female lone parent families remained, on average, $9,367 below the poverty line between 1989 and 2001. Although the depth of poverty for this group has improved modestly over the past two decades, low income female-led lone parent families would still require, on average, an additional $8,886 in income to lift themselves out of poverty.

The depth of poverty for two-parent low income families has averaged $9,848 since 1989. Conditions among low income couples with children have actually worsened over the past 20 years, and continued to deteriorate through the latest economic boom. By 2001, these families fell, on average, more than $10,200 below the poverty line – that represents the third worst year for these families in the past 20 years.

[1] The numbers here are based on the pre-tax LICO (low-income cut-offs). This report also uses the Low Income Measure (LIM) later on, the measure used in cross-national comparisons. This report takes the position that, from a public policy perspective, it makes sense to establish a 'poverty zone' or poverty range, rather than a single line, depending on the purpose the measure is serving. For example, the newly developed Market Basket Measure (MBM) could become the basis for establishing welfare rates, the Low Income Cut-Off (LICO) could continue to measure historic trends, and the Low Income Measure (LIM) could be used, as it is now, for international comparisons. It should be stressed, however, that the different measures all tell the same story about the structural rate of child poverty.

FIGURE 2. DEPTH OF POVERTY IN CANADA, COUPLES WITH CHILDREN AND FEMALE LONE-PARENT FAMILIES, 1980-2001 (CONSTANT $2001)



Source: Statistics Canada's *Income Trends in Canada*, 2001. 13F0022XCB.

Vulnerable Groups in Canadian Society

There have always been those whom the economy leaves behind – people who are rejected by the labour market, do not earn enough, can only work part time, or cannot work at all. In the past, the groups most at risk of poverty included the elderly, Aboriginal people, people with disabilities, and lone mothers. Although Canada has been successful at addressing the poverty levels of elderly couples, other groups have not fared so well.

According to Statistics Canada (2003b), lone mothers and their children are still one of the most economically vulnerable groups. In 2001, 46% of all lone mother families were living in poverty. The good news is that their rate of poverty has been slowly declining, due primarily to the increased employment participation of lone mothers, rather than to increases in government income support.

Aboriginal peoples still have one of the highest rates of poverty despite some progress in poverty rates over the past five years. The child poverty rate among off-reserve children with at least one parent of Aboriginal identity remained at 41% in 2001 (Statistics Canada, 2003c). The vast majority of Aboriginal children live in urban centres. Aboriginal workers had the lowest average employment earnings of all workers at $21,485, only two-thirds of an average worker's wages of $31,757 (Statistics Canada, 2003d).

Adults with disabilities are another group whom the labour market has tended to reject. In 1995, the poverty rate for working-age women with a disability was 36%, twice that of working-age women without a disability (Fawcett, 2000).

Children with a disability[2] were more likely than children without a disability to live in low income families, both because of the financial stresses related to disability and the earnings lost when (primarily) mothers leave the workforce to care for a child with a disability. Child poverty rates in Canada for children 14 years and under were 24.5% among children with disabilities compared with 19% of all children in the same age group (Statistics Canada, 2003e).

Poverty has been increasing among recent immigrant families (i.e. in Canada less than 5 years), from 24.6% in 1980 to 35.8% in 2001 (Lochhead, 2003). Almost 40% of immigrant children, where both parents were recent immigrants, were living in poverty in 2001. Low earnings, barriers to employment, including barriers to foreign-trained professionals, and reduced opportunities in the labour market account for the increasing poverty of immigrant parents. To illustrate, new immigrants earned only 78% of what non-immigrants earned, with a third of new immigrants working in sales and service jobs, which are more likely to pay lower wages (Yalnizyan, 2000).

Previous generations of immigrants were able to ‘catch up’ to their Canadian-born counterparts much more quickly than recent immigrants of today. Historically, the earnings of recent immigrants caught up with those of their Canadian-born counterparts in about 10 years. This is no longer the case. The economic downturn of the early 1990s has had a particularly serious impact on new immigrants and their access to employment (Picot and Hou, 2003; Lochhead, 2003; McIsaac, 2003).

The proportion of immigrants in the labour force is lower for those who arrived during the 1990s than it was for previous cohorts of immigrants. In the early 1980s, immigrants (including recent immigrants), experienced higher labour market participation rates than Canadian born individuals. By 1991, this situation had reversed, with the participation rate for immigrants falling below the national average. Recent immigrants had a 68.6% labour market participation rate, compared to the 78.2% rate for Canadian born adults. Since 1991, the gap has been closing for recent immigrant men, but has widened for recent immigrant women (McIsaac, 2003).

Community Polarization

Poverty and income inequality are now primarily urban phenomena. A recent report by the Federation of Canadian Municipalities (FCM) found that “the income gap between the wealthiest and poorest citizens was more pronounced in Canada’s cities than in the country as a whole” (FCM, 2003).

The rise in poverty in Canada’s three largest urban municipalities – Toronto, Montreal, and Vancouver – is linked to the deterioration of living conditions among large urban immigrant populations. This increase is related more to growing poverty rates among immigrants than the fact that they make up a larger share of the urban population (Picot and Hou, 2003).

[2] Disability here refers to children the census identifies as having “an activity limitation”.

Almost three-quarters of the immigrants who arrived during the 1990s were members of visible minority groups, up from 68% in the 1980s, and 52% in the 1970s (McIsaac, 2003). What this means is that the racialization of poverty is becoming a harsh reality in Canada's largest cities. The poverty rate for children under 14 who belong to racialized groups (not all of whom are recent immigrants) stood at 34% in 2001 (Statistics Canada, 2003f).

High rates of poverty concentrated among certain groups increase polarization and threaten the social and economic health of our communities. The titles of two recent reports tell it all: *Canada's Creeping Economic Apartheid* (Galabuzi, 2001) and *If Low Income Women of Colour Counted in Toronto* (Khosla, 2003).

Aboriginal people were invisible to the general population 30 years ago. Now they represent a large and growing share of Canada's population, particularly in cities from Winnipeg to Vancouver (CanWest Foundation, 2001), in addition to sizeable communities in Toronto, Thunder Bay and Montreal. Urban Aboriginal communities are also much younger than the comparable non-Aboriginal population. In Western Canadian cities, about one-third of Aboriginal peoples are under 15 years, contrasted to about one-fifth for non-Aboriginals.

The rates of child poverty and lone parents among Aboriginal families are high. Urban Aboriginal communities, including a mix of First Nations' people, Non-Status people, Métis, and Inuit, share many of the same challenges that all vulnerable non-Aboriginal people face.

Policy Responses to Child and Family Poverty

Sustained public concern with child poverty has consistently kept the issue in the top five priorities for government action (Ekos, 2004; Ipsos-Reid 2003). In response, a number of encouraging commitments have been made to enhance the well-being of children. These initiatives have begun to make an important contribution to the mix of income assistance and community services required for progress on child poverty. However, while these federal government and federal-provincial/territorial initiatives are important, they have been piecemeal measures rather than components of a coherent and sustained strategy of the scale necessary to end child poverty.

These initiatives have included:

- the launching of the Community Action Program for Children in 1994 which funds community programs that address the health and development of young children who are living in conditions of risk;
- continuing investments in Aboriginal Head Start, first launched in 1995, meant to bolster early years programs for First Nations, Inuit and Métis children and their families;
- introduction of the National Child Benefit in 1998 with an explicit goal to reduce the depth of child and family poverty;
- the federal/provincial/territorial commitment in 1999 to develop a framework for the National Children's Agenda;

- Supporting Communities Partnership Initiative in 1999 and the federal/provincial/territorial Affordable Housing Initiative in 2001 which represented a renewed federal interest in the areas of homelessness and affordable housing;
- Early Childhood Development Agreement in 2000 which transferred new federal funds to the provinces and territories for early years initiatives;
- the extension of Maternity/Parental Leave benefits to one year, introduced in 2002;
- Multilateral Framework on Early Learning and Care announced in 2003, with the allocation of new federal dollars to investments in regulated child care services;
- a new Child Disability Benefit of up to $1,600 introduced in the 2003 federal budget.

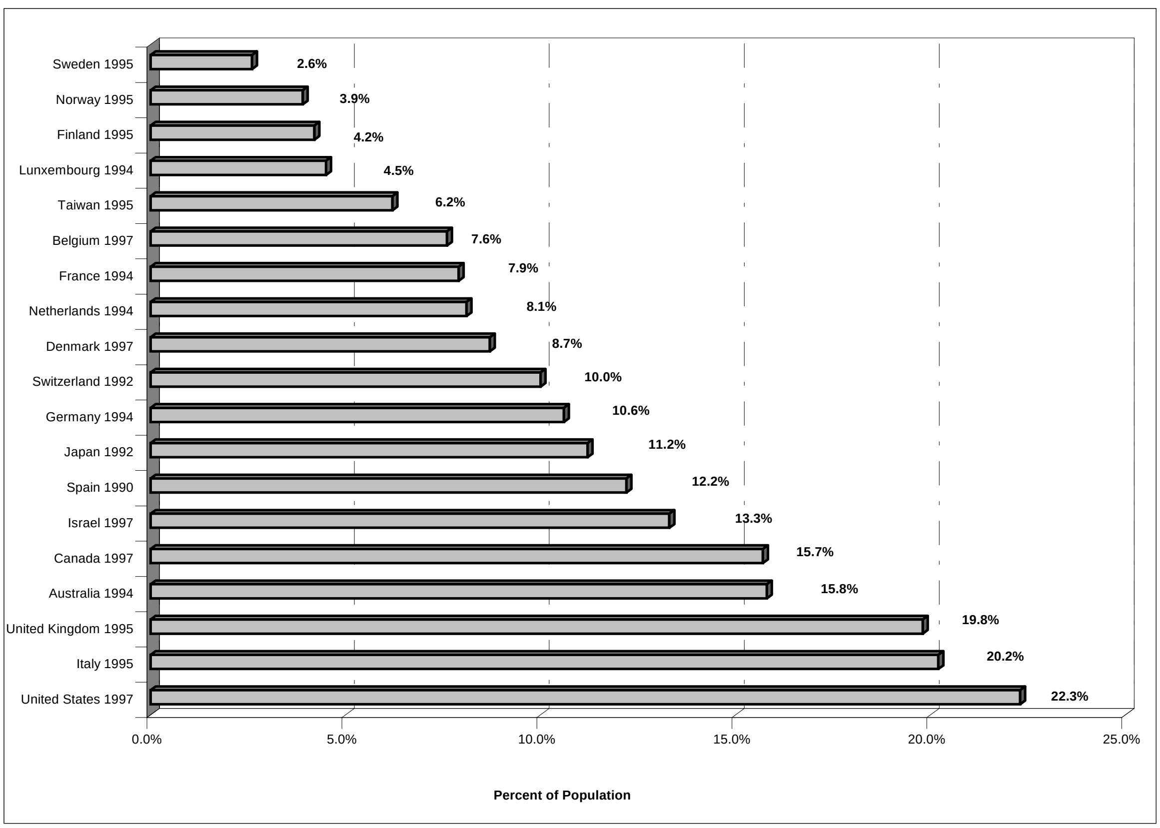
As we have already noted, efforts by governments in Canada have made an important difference – but not enough difference. The tenacity of child poverty over the past three decades clearly indicates that a planned, multi-year, well-funded strategy requires action on several sustained fronts at the same time.

2. Cross-National Comparisons and Perspectives

Cross-national comparisons are an invaluable source of learning. While another country's model cannot necessarily be imported as is, it is important to understand what works and what doesn't and why. This is particularly the case for Canada, since it is no secret that Canada's child poverty rate is significantly higher than that of many European countries. Cross-national comparisons show that a nation's level of wealth does not determine its level of child poverty, since the wealthiest nation, the United States, consistently has the highest rate of child poverty.

As Figure 3 shows, there is tremendous variation in child poverty rates across well-off, industrialized countries with poverty rates ranging from 2.6% in Sweden to 22.3% in the U.S. Canada's rate of 15.7% places this country 5th from the bottom of 19 countries. The cross-national variations reflect the willingness and capacity of national governments to invest in social and economic policies that prevent or reduce poverty. The highest poverty rates are found in countries with the highest overall inequality, with the most critical contributing factors to variations in rates being the quality of the labour market and the relative generosity and mix of family benefits and family policies (Smeeding, 2002).

FIGURE 3. POVERTY RATES FOR CHILDREN IN 19 RICH NATIONS IN THE 1990s



Source: *No Child Left Behind*, by Timothy M. Smeeding, SPRC Discussion Paper No. 121, Dec. 2002.

Family Policies and Labour Force Participation of Women

It is well known that the policies that have made a difference in Europe are family income programs (e.g. family allowances/child benefits and advance maintenance payments for child support), early childhood education and child care, and housing allowances and other housing programs (Kamerman, 2003; Jenson, 2003; European Commission (EC), 2002). Almost all European countries pay generous family allowances or child benefits, described as the “policy instrument par excellence” (EC’s Directorate-General for Employment and Social Affairs, 2002). Because children are seen as a collective, rather than a private responsibility in Europe, child benefits are paid to cover the direct costs of children and do not depend on the parents’ income.

Universally accessible early childhood education and care services are another central feature of a number of European countries’ family policies (e.g. France, Scandinavia). Child care is seen as critical both for a child’s development and to promote and facilitate women’s labour force participation.

European policies that contribute to keeping child poverty rates low were not introduced as anti-poverty programs. In most countries, they were developed as family policies to support all families with children. They are typically generous and universal, with the result that poverty has largely been prevented. Interestingly, in Canada and the U.S., targeting benefits to those most in need is considered to be efficient. Yet those countries with the greatest degree of anti-poverty targeting (e.g. U.S., Australia, Canada) also have the highest child poverty rates. A comparison of policies in four countries concluded that the universal family policies of France and Luxembourg were more efficient and successful, albeit also more costly, than the targeted, anti-poverty programs of the U.S. and Great Britain (Jeandidier and Albiser, 2001).

Although European countries are beginning to pay attention to child poverty, this is a fairly recent phenomenon. It has been primarily the English-speaking countries that have engaged in measuring poverty and designing anti-poverty programs (Smeeding, 2003). Although Western European countries share a concern about the well-being of families on low incomes, they do not routinely collect poverty statistics. The reason is that most of these countries know that their social programs guarantee a low poverty rate, no matter how it is calculated or measured.

Gender Equality and Women in the Workforce

There is growing recognition of the need for women to be in the labour market to protect living standards and to prevent poverty, even among those countries with previously low participation rates for mothers. As Esping-Anderson (2002) observes:

> *Women are gradually emerging as the lynchpin of a new equilibrium between households and the economy. In the Nordic countries, where the housewife has all but disappeared, women’s earnings now account for roughly 40 percent of all household income. (p. 69)*

A country’s family policies reflect the labour needs of that country, the political notion of equality promoted by the state, and public attitudes toward gender, motherhood and the role of women (Spakes, 1995). Until recently, there have been two distinct European approaches to supporting families with children (Freiler and Cerny, 1998).

Countries such as the Netherlands, Germany and France did not expect women to be in the labour market. These countries supported the institution of the family, valued children and the contribution which parents made to the rest of society. Lone parents with young children were generally not thought to be employable. In other countries, such as Sweden and Norway, employment and access to employment became the basis of social policy, including family policies. One of the explicit goals is the promotion of gender equity. Mothers of young children, including lone mothers, are encouraged to enter the labour market (albeit part-time).

Although the two approaches resulted in differences in women's equality (e.g. between Sweden and France), both have been very successful in preventing child and family poverty and inequality. In fact, most Western European countries perform much better than Canada in terms of the dual goals of reducing poverty and reducing overall inequalities among people: between men and women, between lone-parent and two-parent families, and between families with and without children (Phipps, 1993, as cited in Freiler and Cerny, 1998).

More recently, most European countries have recognized that policies are needed that allow women, including those with limited skills, to combine paid work and care, and to enter the labour market and earn a decent wage (Cantillon and den Bosch, 2002). In a report commissioned by the Belgian Presidency for the European Union, Esping-Anderson (2001) proposes a new gender contract as an integral component of a "new social architecture for Europe". This gender contract is seen as crucial because:

> *If women are emerging as a key axial principle in the new socio-economic equilibrium, it follows that the quality of our future society hinges on how we respond to their new claims on men, the welfare state, and on society at large. For good or bad, gender equality becomes therefore a 'societal affair', a precondition for making the clockwork of post industrial societies tick. Gender equality is one of the key ingredients that must go into our blueprints for a workable new welfare architecture.* (p. 69)

According to Esping-Anderson, gender equality must address two objectives: i) harmonizing the dual aims of careers and motherhood that most women now pursue; and ii) gender equality in the allocation of opportunities, life chances, and welfare outcomes, specifically with respect to job-segregation, unequal pay for equal work, and the "asymmetric distribution of domestic burdens".

Child Poverty and Labour Market Policies

The quality of a country's labour market is a key contributing factor to the level of child poverty. Cross-national differences in labour markets are, therefore, becoming increasingly significant in explaining variations in child poverty rates. Bradbury and Jantii (1999) found that income from employment "plays a larger role than state transfers in accounting for the diversity of child poverty outcomes across nations" (p. 71). Observing that the English-speaking countries stand out in this context, they argue that the higher living standards of children in the Nordic countries in particular are due to the higher market incomes of these families resulting from better employment and wage rates for both mothers and fathers. Bradbury and Jantii urge policy makers concerned about the economic well-being of a country's children to examine which features of labour markets best protect the living standards of children.

The 2000 UNICEF report, *Child Poverty in Rich Nations*, sheds significant light on this question. It looks at child poverty rates across countries in relation to three variables: the unemployment rate (Figure 4), 'worklessness' in households with children (Figure 5), and low wages (Figure 6).

FIGURE 4. UNEMPLOYMENT AND CHILD POVERTY

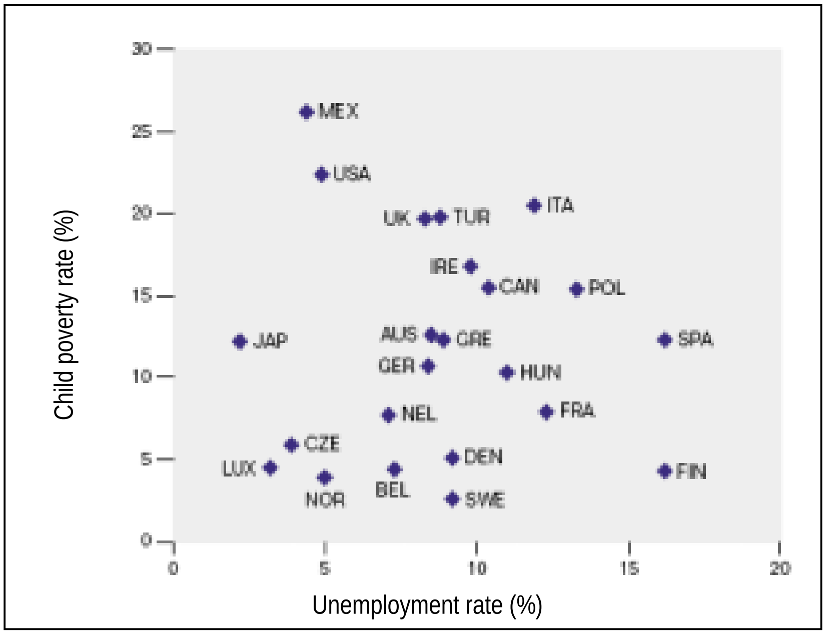
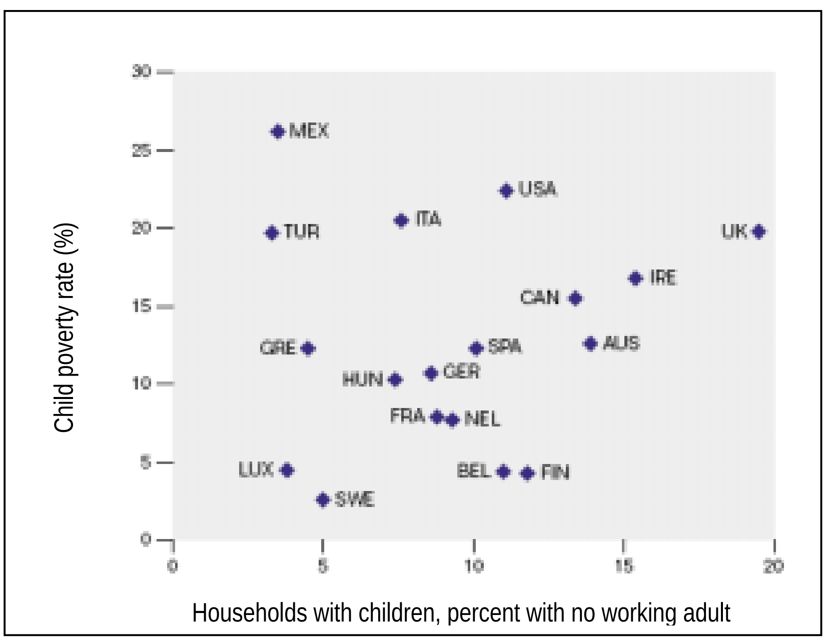


FIGURE 5. "WORKLESSNESS" IN HOUSEHOLDS WITH CHILDREN AND CHILD POVERTY

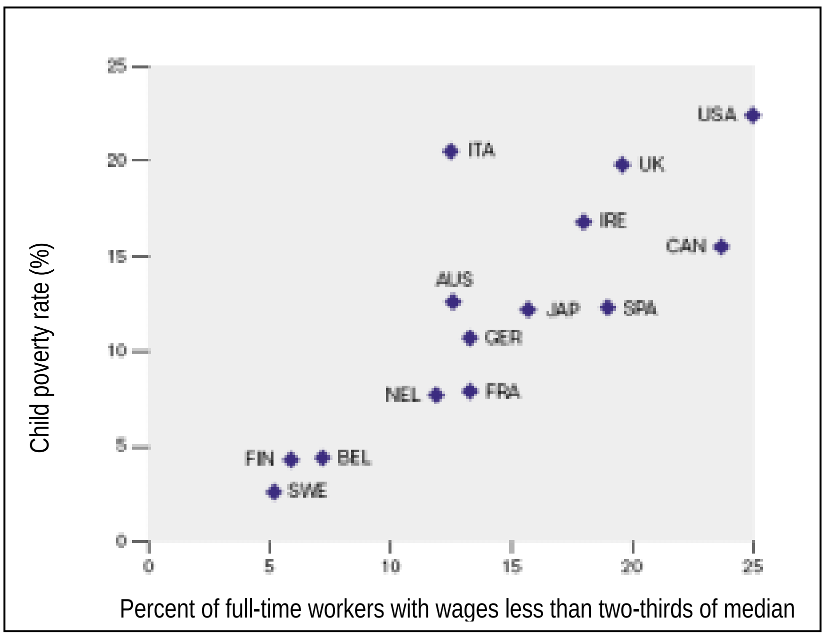


Source: Figures 4 and 5 are from UNICEF'S *A League Table of Child Poverty in Rich Nations*, June 2000.

Figure 4 shows that there is "no consistent relationship" between unemployment and child poverty. In some countries with low unemployment (e.g. the U.S.), wages may be too low to keep families out of poverty; in other countries with higher unemployment (e.g. the Nordic countries) government benefits for the unemployed may be sufficient to keep families from falling into poverty.

Figure 5 examines the relationship between child poverty and the percentage of households with children in which there is no employed adult. According to the UNICEF report, this relationship is "closer and more revealing", showing that "it is not overall employment levels but the distribution of employment among different kinds of households that contributes most significantly to the differences in child poverty rates" (p. 13). OECD statistics show that children in households with no working adult are four times more likely to be in poverty than a child with "at least one" working adult. Obviously, 'worklessness' in lone parent families (as is found in the U.K.) is much more likely to lead to high child poverty than unemployment concentrated among young adults, often living at home (as in Spain).

FIGURE 6. LOW WAGES AND CHILD POVERTY



Source: From UNICEF'S *A League Table of Child Poverty in Rich Nations*, June 2000, page 14.

Figure 6 shows that the most "striking association" is the one between child poverty and the percentage of workers who are low paid (defined as earning less than two-thirds of the national median wage). This demonstrates that cross-national variation in wage inequality accounts most significantly for variations in child poverty, even though many children and families depend on government income support programs. The report concludes that: "creating more jobs is a part – but only a part – of the task of reducing child poverty. Even a significant increase in employment opportunities is unlikely to make significant inroads into the problem if wages at the bottom of the income scale are too low" (p. 14).

Obviously, child poverty rates will also increase if a large share of children in poverty live in households where no adult is available for paid work, or new jobs are taken up by people living in households where there is already a well paid worker. (In the U.K., for example, there has been a rise in both 'two-worker' and 'no-worker' households.)

Europeans have noticed that poverty rates are not automatically reduced by people being in paid employment and have explicitly rejected "the model of job creation followed in the American economy in the 1990s, which was one of high rates of job growth but often in low-paying service sectors, and often with an employment contract that offered little in the way of social benefits" (Jenson, 2003:8). Instead, the European Union focuses on quality jobs, the need to reduce wage inequalities, and the expansion of the supports necessary to help women combine paid work and parenting responsibilities, including child care, the expansion of part-time work and flexible working arrangements (Kamerman et al, 2003; Cantillon and den Bosch, 2002).

Social Inclusion and Protecting Child and Family Benefits

European countries today are increasingly addressing the needs of children as a distinct group. EURONET, the European Children's Network, commissioned the report, *Including Children: Developing a Coherent Approach to Child Poverty and Social Exclusion across Europe* (Ruxton and Bennett, 2002), to highlight the need to include a focus on children in European countries' National Action Plans on Social Inclusion which all EU countries are required to develop.

Including Children addressed the impact of poverty on children's quality of life and opportunities now, as well as the longer-term effects. The concept of 'social exclusion' helps to draw attention to the social impacts of poverty on children's lives and experiences and to focus on poverty from a child's point of view. For example, how do children experience the insecurity and impermanence arising from frequent moves of housing and school?

The report reinforces the conclusions of earlier studies regarding the need for quality labour markets and social programs to support employment, with an added emphasis on the well-being of children. Its recommendations include:

- better employment opportunities – of the right kind – to help parents into paid employment and to combine their work and family lives;
- promotion of the type of labour market that is more successful at preventing children from falling into poverty;
- generous cash transfers (e.g. tax allowances, income programs for families) and good public services for families with children.

Like Campaign 2000, EURONET recognizes that a successful strategy to address child poverty requires a combination of "levers for policy change", in particular:

- achieving a social consensus that children are a shared responsibility and social investment, rather than only the private responsibility of parents;
- macro-economic policies that favour measures that benefit children;

- policies to create an inclusive society, including child-friendly and parent-friendly measures and the promotion of gender equity;
- agreement that redistribution over the family life cycle, and between those with and without children, is a social priority.

While the labour market and access to a decent market income continue to be central planks in policy platforms to address poverty, the need to support those outside of the labour market is also recognized. A recent report published by the British Rowntree Foundation, called *Tackling Disadvantage – A 20-Year Enterprise* (2003), articulated three long-term policy goals:

- enhance earnings from work by helping people thrive in the world of work through stable, well-paid jobs, rather than simply focusing on getting people into jobs, any jobs;
- provide for "needy groups" outside of the labour market by creating a sound basis to create adequate incomes for people not in the labour market (i.e. goal is to minimize the number of people below 60% of the median income);
- recognize those who undertake socially valued activities outside of paid work, through provisions such as an enhanced caregiver's allowance.

The European Anti-Poverty Network (EAPN) echoed the position. In its response to the European Union's employment strategy, it emphasized that "the reality is that for some people, and for some moments in the lives of other people, [paid] work is not an option, and society must provide another way of ensuring their inclusion" (EAPN, 2003:1).[3] The EAPN applauded the European employment strategy's commitment to full employment, the emphasis on quality of work and a cohesive and inclusive labour market, but cautioned that if there were too much emphasis on "employment traps", then the employment strategy could undermine the inclusion strategy (e.g. if workfare should be promoted).

Recent Stresses on Welfare States in Europe

The economic conditions contributing to child poverty in Canada are not unique to this country. Many industrialized European countries experienced social and economic upheavals during the 1990s. New social risks have put a strain on the social welfare regimes of European countries and have challenged them to modernize their approaches. The welfare states in Europe, as in Canada, were based on a full employment economy, with an employed man supporting his at-home wife and their children. These new risks include:

- an aging society, the key challenge for many European countries because it is seen to threaten the sustainability of their pension system;
- changing family forms and family practices, including the increase of women in employment, children no longer being cared for at home, and the increase in single parenthood;

[3] Such statements are also significant because, until recently, 'social inclusion' in European policy circles focused almost exclusively on inclusion into the labour market.

- economic vulnerability and marginalization, resulting from changes in the labour market (e.g. the decline of traditional well-paying jobs for low-skilled men in manufacturing), so that one income may no longer keep families out of poverty.

In the 1990s, many European countries deliberately set out to curtail social expenditures. However, child and family benefits appear to have been protected. Even where there were some cuts (e.g. in early or mid 1990s), they have been replaced in more recent years. In a study of European family policies in an era of "retrenchment", Kahn and Kamerman (2000) found that:

- overall expenditures on child and family policies in the European Union (EU) and OECD countries have experienced an upward trend;
- family allowances have been sustained or raised;
- parental leaves have been extended and even newly introduced in several countries;
- child care and early childhood education and care services have continued to increase in supply.

There has been an increase in poverty among families with children in some European countries, such as the UK, Germany, Poland, Hungary, and others with transitional economies, such as those of Central and Eastern Europe (Vleminckx and Smeeding, 2000; Jenson, 2003; Cantillon and den Bosch, 2002). The 2002 report commissioned for EURONET found that children in Central and Eastern Europe had been "greatly affected" by these increases in poverty and income inequality. The report observed, however, that some children had been protected "by a legacy of collective provision and more equal outcomes" (Ruxton and Bennett, 2002:5).

3. Gaps and Erosion in Social Security and Human Development Programs

Unlike many European countries, Canada's income security system does not provide an adequate social security floor to protect children and families during economic hard times. In recent years, this income floor has sagged further. During the 1990s, Canada cut program spending from 16% of the GDP to below 12%, giving rise to cutbacks and austerity measures that have affected most social programs in the country (Department of Finance, 2003, as cited in McQuaig, 2003). Economic hardship has increased as a result of the erosion of social benefits, in particular Employment Insurance (EI) and social assistance.

Not only are traditional social security programs, like EI and social assistance, being eroded, but Canada has not moved decisively to create the human development programs that are necessary in the new knowledge-based economy. Life chances depend increasingly on the cultural, social and cognitive capital of a population. The failure to invest in a high-skilled workforce that possesses strong social and cultural resources can lead to a life course of lower pay, unemployment and precarious attachment to the labour force. Investments in younger people are paramount to stimulate the immediate capacities of workers and strengthen Canada's human development capital (Esping-Anderson, 2002; Novick, 1999).

It is widely recognized that the early years are a fundamental stepping stone for successful outcomes throughout the life cycle. An investment in children is an investment in human capital: well-adjusted individuals have better chances in life and represent tomorrow's parents, workers and entrepreneurs (CCSD, 2003; Esping-Anderson 2002).

There is increasing knowledge about what is needed to support families in their child rearing roles. The impact of exclusion and poverty on children and families has been well-documented by governments and non-governmental organizations. A growing consensus has emerged about what policies help to bring about healthy, well-developed children who then have strong chances for academic success, long-term health and independence.

The Social Security Challenge

The Canada Child Tax Benefit

A comprehensive child benefit system is essential to achieve a significant reduction in poverty and to recognize the special costs of raising children for modest and middle income families. Earnings from employment have never been sufficient for families with jobs at the lower ends of the labour market to escape poverty. The wage system does not differentiate between workers with or without dependents.

Any serious strategy to reduce the depth and levels of child poverty requires substantive and additional income transfers. The slow success in reducing child and family poverty is a key lesson from the Canada Child Tax Benefit: we will get as much out of this program as we are willing to put in.

In the 2003 budget, the federal government announced plans to gradually raise the Canada Child Tax Benefit to a maximum of $3,243 per child per year by 2007. It is encouraging that the government is scaling up its investment. Yet the overall commitment to child benefits is insufficient to address family needs and the implementation plan remains far too slow.

Ending the National Child Benefit Clawback

The Canada Child Tax Benefit is composed of two parts: a base benefit received by about 80% of Canadian families, and a supplement, called the National Child Benefit (NCB) Supplement, that is targeted to low-income families. Effective July 2003, the NCB provides a maximum of $1,463 for the first child, while the base benefit provides a maximum of $1,169 for the first child for a maximum total of $2,632.

In the majority of provinces, however, Canada's poorest families on social assistance have been excluded from any direct gains as a result of increases to the NCB. That is because many provinces and territories reduce social assistance and other related benefits (i.e. provincial child benefits) by the amount of the NCB.

Such a practice has continued to take place even as welfare incomes have steadily declined over the past decade. The clawback of the NCB from families on social assistance is justified by governments on the basis that increasing welfare benefits would make it less financially attractive for families to get a job. Those provinces and territories that have chosen to deduct NCB payment from welfare have reinvested these funds in programs targeted to the working poor.

The 2003 Federal Budget indicated that the practice of clawing back the NCB from social assistance incomes should stop when the Child Tax Benefit reaches $2,500. The Budget stated that " … the federal government and the provinces will need to ensure that, as the welfare wall is overcome, low- and modest-income families with children who realize greater earnings … keep more of the extra money that they earn. This will include examining the reduction or 'clawback' rates for the Child Tax Benefit as well as other elements of the tax and benefit structure that may affect incentives to work and earn income for low- and modest-income families" (Department of Finance, 2003).

While it remains to be seen whether any action results from this statement, it represents an important commitment to re-examine the practice of NCB clawbacks. However, even such a commitment would not go so far as to ensure that families on social assistance can reap the full NCB – the statement refers solely to any new dollars above the $2,500 amount.

Employment Insurance (EI)

Employment Insurance should be the first line of defence for unemployed parents. However, changes in Employment Insurance rules introduced in the 1990s mean that low income workers who find themselves without jobs are not likely to receive benefits.

Employment Insurance has not kept up with a shifting labour market that has created many jobs that often do not fit qualifying rules. Workers in temporary, part-time, seasonal and temporary employment often do not qualify for any benefits, while others are only eligible for a short period of assistance.

The increase in hours and weeks of work needed to qualify and corresponding reductions in benefits have had a particularly profound impact on women. The changes to the EI system of benefits have meant that coverage for women has declined substantially since 1990. In that year, 69% of unemployed women received unemployment insurance benefits. By 2001, only 33% of unemployed women received unemployment benefits compared with 44% of men (CLC, 2003). See table 1 below.

TABLE 1. PROPORTION OF UNEMPLOYED RECEIVING EMPLOYMENT INSURANCE: 1990 – 2001

	1990	1993	1996	2001
All	74%	57%	42%	39%
Men	78%	59%	45%	44%
Women	69%	53%	39%	33%

Source: Canadian Labour Congress, *Failing Unemployment Insurance Protection for Canada's Unemployed*, March 2003.

Lone mothers are especially at risk as unemployment insurance disappears, social assistance rates go down, child care services are often non-existent and access to training and/or post-secondary education is difficult. Most distressing and closely related to levels of child and family poverty is the fact that the largest number of women not covered by unemployment insurance are those in the 25-44 years age group, who are most likely to have young children.

Parental and Maternity Leaves

The extension of maternity/parental benefits from six months to one year announced in 2001 was a significant step forward. However, the program's rules under the Employment Insurance scheme and the low wage replacement level (55% up to a ceiling of $413/wk) mean that the program excludes many new parents.

The extension of parental leaves has brought little benefit to lower income parents who cannot afford to live on a partial wage and for the many who don't qualify for Employment Insurance. Because of qualification restrictions, over 40% of newborns are not covered by maternity benefits (Regehr, 2002).

The key to a more effective parental leave program which supports families with young children lies in expanded eligibility and more generous benefits. The current system drives a further wedge between children born into well-off families and children born into less fortunate circumstances. There should be urgent action to fill in glaring gaps in Employment Insurance as part of a more inclusive, integrated family policy that goes hand-in-hand with child care and other supports for families with children.

Social Assistance

As EI fails to protect many vulnerable families who are out of the labour market, provincial social assistance systems have done little to soften the blow. Financial and social supports for families and children undergoing difficult transitions in their lives are crucial for their well-being. When given the opportunity, parents will join the labour market and social assistance caseloads will decline. However, good jobs that provide families with economic security are not available to all.

In March 2003, more than 544,000 children had to rely on social assistance in Canada; children and their parents make up 52% of Canada's social assistance recipients.[4] The majority of these families move on

[4] Prepared by Quantitative and Information Analysis Division, HRDC, October 2003.

and off welfare. A variety of factors including unemployment, underemployment, illness, disability, and a lack of supports mean that some must rely on social assistance for extended periods of time.

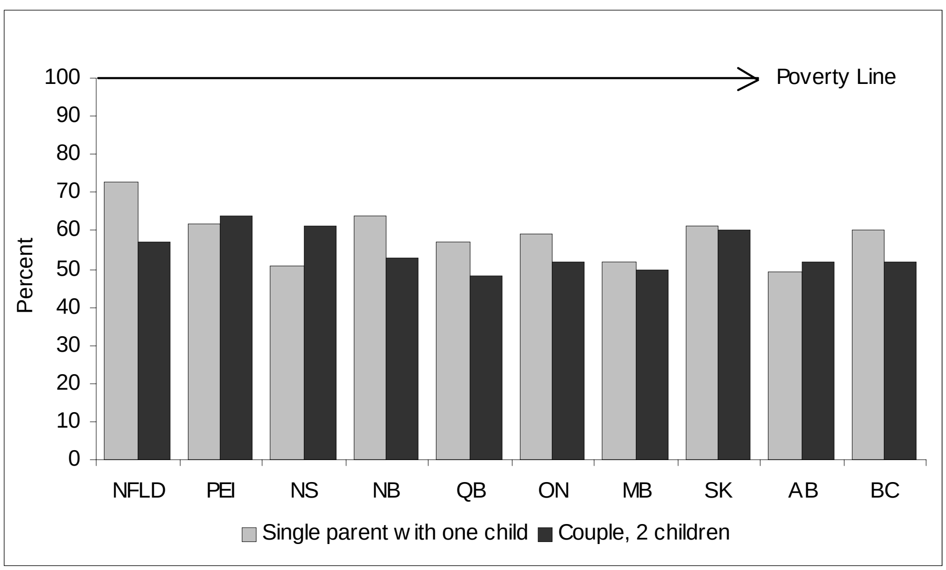
When the federal government ended the Canada Assistance Plan (CAP) in 1995, it discarded important principles and safeguards for social assistance programs. Conditions that required the provinces to provide assistance to those demonstrating need and to ensure the right to appeal decisions pertaining to benefits were eliminated. The only remaining principle is the right to social assistance without minimum requirements of residency in a province.

Combined with the dramatic cuts of $12 billion in federal transfer payments, the end of CAP opened the door to deep cuts in benefit levels and the introduction of restrictions that have excluded many Canadians from the social safety net of last resort.

No province has welfare rates for families that come close to the poverty line (See Figure 7). The gap between welfare incomes and the poverty line has actually widened in five provinces since 2001 (National Council of Welfare, 2003).

All governments need to show leadership to stem deepening poverty among families on social assistance. In the 2003 federal Budget, the Government of Canada announced the separation of the Canada Health Transfer and a Canada Social Transfer (CHST) to increase transparency and accountability. The creation of the Canada Social Transfer is an opportunity to rebuild inclusive systems of welfare and social services that uphold the dignity of families on social assistance.

FIGURE 7. PROVINCIAL WELFARE INCOMES AS A PERCENTAGE OF THE POVERTY LINE BY FAMILY TYPE AND PROVINCE, 2001



Source: Prepared by the Canadian Council on Social Development using National Council of Welfare, *Welfare Incomes 2000-2001*, Spring 2002.

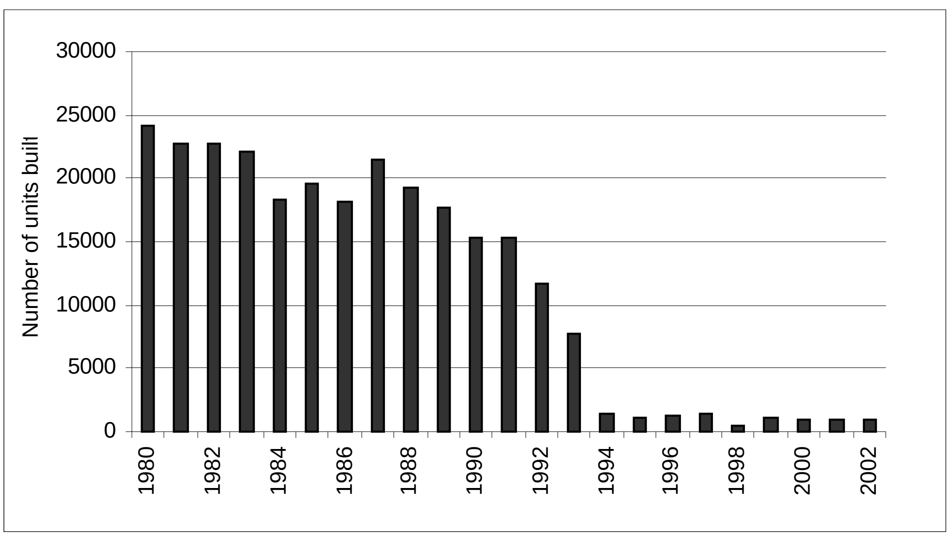
Stable and Affordable Housing

Stable and affordable housing is important for children's health and development. Canada's children require secure housing that anchors them in a community, increases their chances of success at school and provides a base for their parents' participation in the workforce, training or education.

As the federal government stepped back from investments in new social housing in the mid-nineties, most provinces followed suit. Dwindling federal and provincial government support and declining private sector investment have combined to create a crisis in affordable rental housing across the country. As shown in figure 8, since 1996, an average of only 8,800 rental units have been built yearly in Canada - most with rents that are not affordable to the average Canadian household (Canadian Housing and Renewal Association, 2003).

In addition to cutting spending, the federal government announced plans in its 1996 budget to transfer administration of federal social housing programs to the provinces and territories. This was not just a bureaucratic shift. The housing transfer locks in a steady, annual decrease in federal housing spending over the next three decades until federal spending drops to zero. In addition, as part of a government-wide "commercialization" initiative, the mortgage insurance fund of Canada Mortgage and Housing Corporation was commercialized, which made it prohibitively expensive for community-based housing providers to access the mortgage insurance that they need to obtain private financing.

FIGURE 8. SOCIAL HOUSING UNITS BUILT ANNUALLY 1980 - 2002



Source: Prepared by the Canadian Housing and Renewal Association using Canada Mortgage and Housing Corporation data.

Federal and provincial governments suggested that, as they withdrew dollars and programs, the private sector would step in and build new affordable housing in response to the huge and growing need. But it did not happen. As TD Economics noted in its major study of housing in 2003:

> *Housing is a necessity of life. Yet, after ten years of economic expansion, one in five households in Canada is still unable to afford acceptable shelter – a strikingly high number, especially in view of the country's ranking well atop the United Nations human-development survey. What's more, the lack of affordable housing is a problem confronting communities right across the nation - from large urban centres to smaller, less-populated areas. As such, it is steadily gaining recognition as one of Canada's most pressing public-policy issues.* (p. 2)

Excessive housing costs press limited family budgets and create a source of stress on home environments of children. Family costs in securing shelter will determine what funds are left to purchase food and other social necessities in raising children.

A recent slight increase in rental vacancy rates among private rental units is deceptive. Rents have risen so high in the private market that tenants simply cannot afford to pay the rents. That means that there are empty units in many parts of the country while, at the same time, there are large numbers of households that desperately need an affordable home. For instance, in Ontario, while there were about 22,000 vacant rental units in 2003, there were more than 100,000 households on social housing waiting lists in the Greater Toronto Area alone (Canada Mortgage and Housing Corporation, 2003). Despite the fact that rental vacancy rates rose slightly to 1.7% in Canada's 28 metropolitan areas, a high proportion of families still spend a disproportionate amount of their income on rent. In 2001, almost 20% of renters, or 700,000 renter households, paid more than half of their income towards shelter costs. Forty percent paid more than 30% of their income towards shelter (Canadian Housing and Renewal Association, 2003).

Housing brings children both shelter and a social environment. It is now widely recognized that neighbourhoods with a mix of income and occupational status are better in supporting educational attainment than settings of concentrated disadvantage. Living in mixed neighbourhoods confers a greater sense of civic equality and responsibility, as children become part of a common life irrespective of their backgrounds. Yet across Canada's urban centres, a pattern of concentrated poverty in neighbourhoods is growing. In Toronto, while the median income of the richest neighbourhoods grew by 25% between 1995 and 2001, it fell by 8% among the city's poorest neighbourhoods (Toronto Community Foundation, 2003).

Recently, there have been some modest steps taken to address Canada's housing crisis. The 2003 federal budget enhanced commitments under the Affordable Housing Framework Agreement to a total of $1 billion by 2008. The 2003 Budget also allocated $128 million annually to the Residential Rehabilitation Assistance Program and provided a three year extension of the Supporting Communities Partnership Initiative of $135 million annually for initiatives targeting homelessness.

While moving in the right direction, these announcements do not add up to a comprehensive national housing strategy. The Affordable Housing Framework Agreement falls short of providing the necessary funds to both kickstart the construction of needed housing or to ensure that rents in new units are affordable to low- and modest-income families. To compound the problem, federal funding under the agreement remains frozen due to federal-provincial/territorial logjams over cost-sharing of new housing. While federal, provincial and territorial housing ministers had agreed to fund 32,000 new affordable homes when the Affordable Housing Framework Agreement was signed in 2001, more than two years later, only about 7,500 units have been launched (National Housing and Homelessness Network, 2004).

After a decade of neglect, affordable housing remains a growing problem, particularly for families in urban areas. A renewed cross-Canada housing strategy with a substantially increased funding envelope and federal leadership is desperately needed. Provincial governments must not only help to increase the supply of affordable housing, they must also raise housing allowances for social assistance recipients to reflect rental costs in communities.

The Human Development Challenge

Early Childhood Education and Child Care

While early childhood education and care (ECEC) is not primarily an anti-poverty program, it is a critical element in a comprehensive strategy to address child poverty and support economically vulnerable families. ECEC enables mothers to be employed or in a training program and the developmental benefits help mediate some of the negative effects of poverty (Canadian Population Health Initiative, 2004:58).

The term “early childhood education and care” refers to child care (“day care”), preschools and kindergartens. Campaign 2000 continues to support a pan-Canadian, provincially organized system of high-quality, universally accessible ECEC programs. Today there is strong public and expert recognition of the value of universal high quality ECEC (Millward Brown Goldfarb, 2003). However, Canada has developed no coherent strategy or approach to ECEC. In all regions, a variety of ECEC programs – child care centres, kindergartens, nursery schools - are unevenly available (Campaign 2000, 2003). Indeed, ECEC cannot be described as a “system” at all.

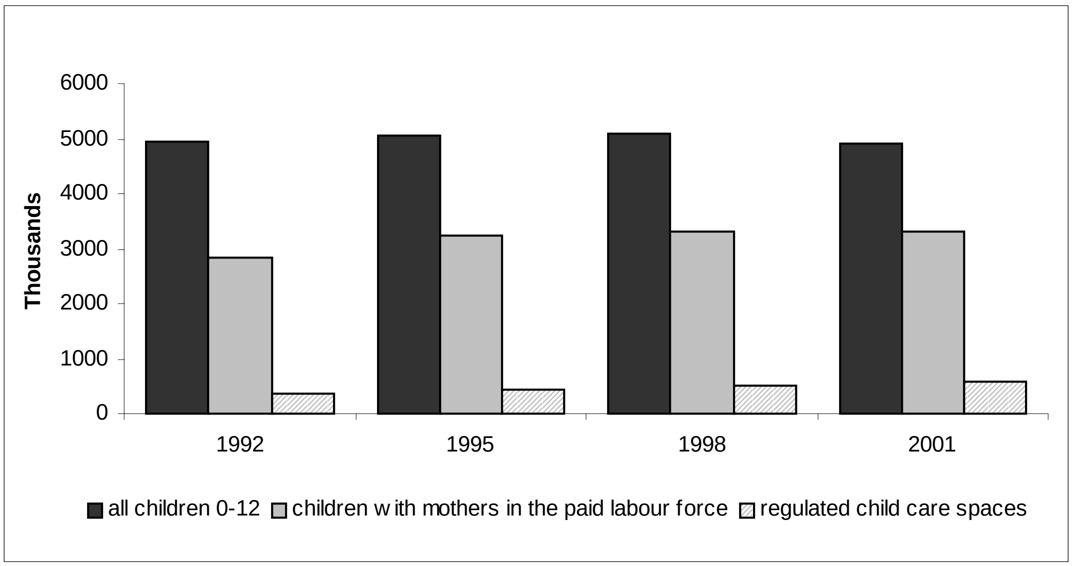
In comparison with most other OECD countries, Canada lags far behind in ECEC. Most countries in continental Europe now provide ECEC as a mainstream program so that most children begin to attend at least full school-day programs sometime between their second and third birthdays. In the 1990s, as the government of Canada withdrew even the limited support for child care that had been available through the Canada Assistance Plan and reduced transfer payments, provincial/territorial governments balked at spending more for these programs. Development of ECEC policy and programs stalled so that today only a small minority of families and children have access to the ECEC programs that they need and want.

What Are the Problems in Canadian ECEC?

Our current ECEC situation is characterized by two main policy problems: first, public policy at both national and provincial/territorial levels is incoherent and poorly developed. In Canada today, only kindergarten for five-year-olds - usually part day - is universal and the main ECEC programs - kindergarten, nursery school and child care – are separated, not integrated. Second, public financing for ECEC is severely inadequate; provincial spending per child for regulated child care ranged from $91 in Nova Scotia to $980 in Quebec (Friendly et al, 2002). Current public spending on ECEC programs totals more than $4 billion, but the effectiveness of this expenditure is reduced by the absence of coherent policy. These two issues go hand-in-hand and are directly linked to the key delivery issues - poor access to needed programs and mediocre program quality.

In 2001, there were only enough regulated child care spaces to accommodate 12.1% of children aged 0-12, up from 7.5% in 1992 (see figure 9). Growth in regulated child care slowed dramatically in the 1990s. Most of the increase in regulated child care was in Quebec; child care spaces in Quebec grew from 78,388 in 1992 to 234,905 in 2001 while in the rest of Canada in total the growth was a fraction of that - from 293,185 in 1992 to 358,525 in 2001 (Friendly et al, 2002).

FIGURE 9. ALL CHILDREN 0-12 YRS, CHILDREN WITH MOTHERS IN THE PAID LABOUR FORCE AND REGULATED CHILD CARE SPACES: CANADA 1992-2001



Source: Friendly, Beach and Turiano. *Early Childhood Care and Education in Canada: Provinces and Territories 2001*, 2002.

Child care is primarily a user pay program in Canada (i.e. the parents pay for child care mostly or completely through fees). Generally, fees are too high for low or modest income families. Each province/territory (except Quebec, which funds child care globally) provides fee subsidies for eligible families. However, eligibility levels (in constant dollars) dropped in the period 1992 to 2001 in seven of the nine jurisdictions for which data were available. Most had not adjusted their eligibility levels or adjusted them very little during the 1990s (Friendly et al, 2002).

While the quality of child care is directly and strongly linked to the program's impact on child development, research shows that the quality of Canadian child care is generally not high enough to be termed "developmental" (Doherty et al, 2000). Studies of observed quality show that quality is often poor or mediocre. Indicators of quality such as staff training in early childhood education, wages and turnover are consistent with this.

Across the country, significant barriers to quality child care remain for children with disabilities. Most governments in Canada have not seized opportunities in child care to further developmental opportunities for children with special needs. The key to inclusive child care lies in adequate resources for programs and policy frameworks that are committed to inclusion of these children. However, Irwin, Lero and Brophy (2000) found that under-funding, cutbacks, lack of training and policy direction compromise the capacity of child care programs to provide inclusive care and developmental opportunities for children with special needs.

At the end of the 1990s, the federal and provincial governments (except Quebec) agreed to a series of intergovernmental agreements that serve as a basis for a policy framework for ECEC. A National Children's Agenda promised to produce a "comprehensive strategy to improve the well-being of Canada's children" (1999) and the Early Childhood Development Agreement (2000) committed to "promote early childhood development so that, to their fullest potential, children will be physically and emotionally healthy, safe and secure, ready to learn, and socially engaged and responsible" (2000). Then, in March 2003, the federal government and provincial/territorial governments except Quebec (which had already begun putting its own universal ECEC program in place) agreed to a Multilateral Framework on Early Learning and Care. The initiative was described as "the first step to a national child care program". It restricts federal funds to regulated child care and requires public reporting in key areas. However, the Framework has no national goals, objectives, legislation, targets and timetables or implementation plans.

Erosion of Public Education

A strong human development strategy should support the importance of full educational opportunities for all children and young people beginning in the early years, through elementary and secondary school, and continuing towards post-secondary studies.

Funding pressures on public schools in Canada have resulted in reduced access to critical early intervention and child development programs as well as to the most basic resources, such as textbooks and school supplies, required for a quality education (Weiner, 2003).

In Ontario, schools report reductions in English as a second language programs, dwindling access to school psychologists and social workers, as well as reduced resources to support the inclusion of children with special needs and children at risk due to socio-economic factors (People for Education, 2002).

As public funds become scarce, private sources of funding are a growing factor in helping school boards and schools cope with provincial/territorial cutbacks in education. Teacher out-of-pocket expenses for basic school supplies are increasing at an alarming rate. Important activities such as field trips and sports are increasingly dependent on fundraising activities (Weiner, 2003).

The privatization of funding in Canada's public schools reinforces disadvantage among lower income students and jeopardizes the fundamental principle of equity in public schools. While some affluent communities are able to raise thousands of dollars for music, arts, sports, and other formative activities, schools in poorer neighbourhoods cannot do the same. In some cases, bake sales, soft drink machines, and other fundraising efforts are becoming critical to meet needs for basics such as textbooks and other core educational materials (Weiner, 2003).

Experts in special education across Canada are deeply concerned about the financial and human resources available to meet the needs of children with special needs. Access to speech pathologists, school psychologists and occupational therapists is limited in schools across the country. Adequate resources and supports for children with special needs are vital to the success of inclusive learning environments where all children can thrive (Canadian Association for Community Living, 2000).

Provincial and territorial governments must uphold a strong education system for all children. Community schools must be able to support the wide range of children's educational and developmental needs. Education funding must also recognize the critical importance of Early Childhood Education and Care programs within the education system and back the community use of schools for community-building activities.

Post-secondary Education

People with a post-secondary education add considerably to the skills of the workforce and the country's human development potential. However, the doors to a post-secondary education are increasingly being shut for low-income students.

There is good news and bad news about post-secondary education attainment in Canada.

First the good news. Canada entered the 21st century with its best-ever educated population. Canada ranks fourth overall among OECD nations in terms of the proportion of university graduates. Younger people in the 25-34 age range and working age immigrants had especially high levels of educational attainment. Among younger people, 61% had qualifications beyond high school – a marked increase since 1991 when only half held post-secondary credentials. Among working age immigrants who arrived during the 1990s, six in ten had trade, college or university credentials, compared with one in two a decade ago (Statistics Canada, 2003g).

The bad news is that reduced government funding has put a strain on institutional resources and left students to bear the brunt of escalating tuition fees. A significant contributing factor in decreased accessibility to post-secondary education for low and middle income youth is cost. In fact, findings from the School Leavers Survey and the School Leavers Follow-Up Survey indicate that cost is the most frequent reason given by students who did not participate in post-secondary education (Statistics Canada, 1997).

Tuition fees have skyrocketed since 1990. Average undergraduate tuition fees for full-time students across the country including all disciplines increased from $3,328 in 1999-2000 to $4,025 in 2003-2004 (Statistics Canada, 2003i). The 2003-2004 academic session saw the greatest increase with students having to pay on average 7.4% more in tuition fees from the year before. This is the biggest increase in four years.

For students borrowing from government student loan programs, average 1995 graduates owed 38% more in student loans than the average 1990 graduate and 61% more than the average 1986 graduate (Statistics Canada, 1997). As a result, many high school graduates have chosen not to participate in post-secondary education and heavily indebted students may not have access to graduate training.

Decreased public funding of universities is not supported by a decreased demand for post-secondary education. Current research demonstrates an increase in the rate of high school completion, with over 65% of graduates hoping to participate in post-secondary education (Canadian Policy Research Networks, 2002).

In 2001, the rate of participation in university was approximately 20% for youth from families in the lowest quartile of family after-tax income compared to almost 40% for youth from families in the highest quartile of after-tax income. More recently, Statistics Canada found that 67% of youth with family earnings between $55,000-$80,000 had taken some form of post-secondary education, but participation dropped to 55% when family earnings were less than $55,000 and continued to drop along with family income levels (Statistics Canada, 2003h).

To improve access to post-secondary studies, the escalation of tuition fees must be halted and, in some cases, fees should be reduced. Needs-based grants should be offered to low income students as part of an enhanced student financial aid package.

Children and Youth Recreation

Play and recreation are an essential component of an inclusive and supportive environment for children. Recreational programs are fundamental to the health, well-being, social and physical development of children. They are also important vehicles through which young people can participate in their community, learn new skills, and socialize beyond their family boundaries.

For children languishing in other areas of development, developing new skills or discovering creative talents can enhance confidence and a sense of accomplishment. Unfortunately, overall participation in recreational programs is declining among young people in Canada. The rate of decline is greatest among lower-income children (Canadian Council on Social Development, 2002).

Donnelly and Coakley (2002) have found that “the increasing inequity in the distribution of wealth among Canadians – particularly over the past decade – may constitute the single most important barrier to access to physical recreation” (p. 20).

The rise in user fees for recreational programs has created financial barriers for many children, particularly those from lower income families (Canadian Council on Social Development, 2001). Across Canada, the CCSD (2003) found that most user fees for recreational programs are going up and that these act as a barrier to some children’s participation. More than half of children from very poor homes report that they almost never participate in supervised sports, compared to just over one quarter of children from well-off homes.

4. Deficiencies in Canada's Labour Market

A persistently deficient labour market is the major structural source of child poverty in Canada. Until the mid-1990s, child poverty generally rose and fell with the unemployment rate. Starting in 1995, however, the child poverty rate continued to go up even after the unemployment rate went down. A full-time job stopped being a guaranteed escape from poverty.

Since the economic recovery began in the mid-90s, Canada has been doing well in terms of the number of jobs that are being produced. The unemployment rate fell from 8.3 in May 1998 to 6.6% in September 2003. However, despite the increase in the employment rate for both men and women, many workers are being left behind. Evidence is growing that labour market vulnerability is increasing primarily because of the high incidence of low paid jobs, the erosion of labour standards, decreasing access to collective bargaining, and the proliferation of jobs with limited or no benefits (Canadian Labour Congress, 2003; Jackson, 2003a and 2003c; Saunders, 2003; Maxwell, 2002).

Canada's Standing as a Low Wage Country

Canada stands out as a low-wage country, second only to the U.S. among industrialized countries. One in four workers (1 in 3 women, and 1 in 5 men), or 2 million adults, are in low wage employment in Canada. Compare this to 1 in 20 in Sweden or 1 in 8 in Germany. Low paid is defined as earning less than two-thirds of the national median hourly wage. In Canada, this is less than $10 an hour (Jackson, 2003c).

Ten dollars an hour is barely enough to support an individual, let alone a living wage for families with children. In addition, many workers work in non-standard employment and are not protected by employment standards nor eligible for benefits such as extended health care and sick leave (Saunders, 2003).

Canada has followed the American lead of emphasizing work and self-reliance for working-age adults "regardless of the wages workers must accept" (Smeeding, 2002:17). As we have seen, this has led to high child poverty rates in both countries, with the impacts of a low-wage labour market in Canada disproportionately borne by Aboriginal workers, recent immigrants, and women, particularly women of colour.

Although the percentage of women in the labour market is higher than ever before, many women still occupy a precarious position. The average earnings of all women were $23,796 in 2001, approximately 64% of the average earnings of men. Women earn less than men when they work full-time, but are also more likely to be in part-time or non-standard employment, and to work in clerical, sales and service jobs which pay less than the blue collar jobs occupied by men (Jackson, 2003b).

Employment Not a Pathway Out of Poverty for Many Lone Mothers

Lone mothers continue to be one of the most economically vulnerable groups, with the highest incidence of low income of any family type. Children in lone mother families are four times as likely to be poor as children in two parent families.

The child poverty rate has been dropping for lone parent families as lone mothers have been increasing their participation in paid employment. However, for many lone mothers, even a full-time job is currently not a pathway out of poverty. Table 2 shows the distribution of lone parents (85% women) by hours worked and hourly wage level (full-time employment is represented by the column on the right, 1,820 hours or more).

TABLE 2. DISTRIBUTION OF LONE PARENTS BELOW LOW INCOME MEASURE (LIM) (BEFORE-TAX) BY HOURS OF WORK AND WAGE LEVEL, CANADA 2000

	Hours Worked			Distribution of Workers (%)
Hourly Wage Level	Less than 910	910 - 1,819	1,820 hours or more	% of low income working lone parents
Below $8.50	49%	31%	46%	42%
$8.50 - $9.99	18%	27%	13%	20%
$10 - $12.49	18%	24%	21%	20%
$12.50 - $14.99	7%	11%	3%	8%
$15 +	8%	7%	17%	10%
Total	100%	100%	100%	100%

Source: Statistics Canada, *Survey of Labour and Income Dynamics*, 2000, micro-data, tabulations by authors.

The table shows that 42% of all working, low income, lone parents (as defined by the LIM)[5] were working for less than $8.50 an hour in 2000, and another 20% for between $8.50 and $9.99 an hour. In all, 62% of low income lone parents were earning less than $10 an hour. Looked at another way, 59% of low income, lone parents working full-time were earning less than $10.00 an hour.

This demonstrates the structural problem: almost 60% of low income lone parents working at maximum capacity are still in poverty. We can conclude that even a full-time job does not currently provide a pathway out of poverty for lone mother families.

What Accounts for Low Wages?

The incidence of low paid employment reflects the level of earnings inequality in a country, that is the distance between the wages at the top and the bottom. In Canada, the minimum distance among full-time workers between those in the top 10% and those in the bottom tenth is 4 to 1, compared to a little more than 2 to 1 in Sweden and Germany (Jackson, 2003c). The two most significant factors contributing to low wages are the rate of unionization or collective bargaining and minimum wage levels.

Low Level of Unionization and Collective Bargaining

International research shows that the likelihood of low pay is influenced above all by the extent of collective bargaining coverage. Countries with the highest unionization or collective bargaining have the highest wage

[5] Low income here is defined as the Low Income Measure (LIM) which is 50% of the national median income, the standard used in international comparisons. This report takes the position that there is not a single poverty line, but rather a "poverty zone" (see note 1).

floors and the lowest levels of wage inequalities (Canadian Labour Congress, 2003). Collective bargaining coverage varies widely across countries: from over 90% in Austria, Finland, France, Germany and Sweden to a low of under 20% in the U.S. The European average is around 75% (Checchi and Lucifora, 2002). Canada stood at around 32% in 2002, down from 41.8% in 1984 (Jackson and Schetagne, 2003). The rate of unionization also varies among provinces in Canada, from 40.4% in Quebec to under 24.5% in Alberta.

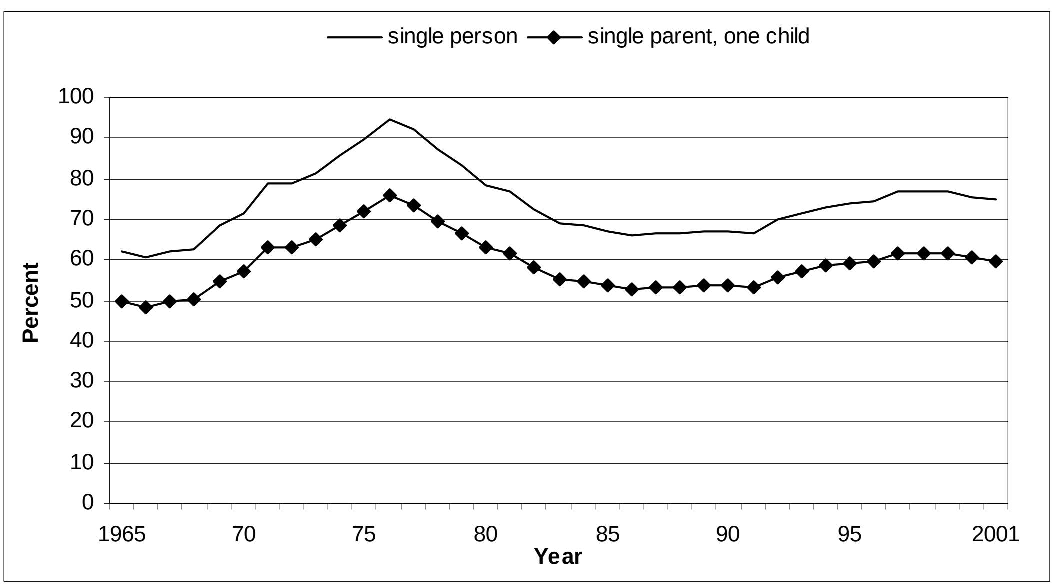
According to Statistics Canada, in 2002, 33% of non-union workers were in low wage jobs, compared to only 8.4% of workers in union jobs. Furthermore, unionization not only reduces the incidence of low wages, it also increases the incidence of high wages.[6] In 2002, 9.3% of unionized workers were employed in high wage jobs, compared with 8.7% of non-union workers (Jackson 2003c).

Low Minimum Wages in Canada

Minimum wage rates in Canada are an "international disgrace", according to the National Union of Public and General Employees (NUPGE), commenting on a 2003 report by the Caledon Institute of Social Policy. The report, authored by Caledon President Ken Battle, found that minimum wages had fallen behind average wages and are lower than they were 25 years ago; were lower than in most industrialized countries; and in most provinces and territories, they are comparable to the lowest rate in the United States (Battle, 2003; NUPGE, 2003).

Figure 10 shows that the average minimum wage as a percentage of the poverty line has declined since it reached its peak in the mid-1970s.

FIGURE 10. NATIONAL AVERAGE MINIMUM WAGE AS PERCENTAGE OF BEFORE-TAX POVERTY LINE FOR CITIES 500,000+, 1965-2001



Source: *Minimum Wages in Canada: A Statistical Portrait with Policy Implications* by Ken Battle, January 2003, Caledon Institute of Social Policy.

[6] Low-paid workers are defined as those earning less than two-thirds of the national *median* wage. A high-wage worker is defined as someone earning double the median wage.

The Caledon report shows that one of three trends has occurred in provincial minimum wages since the 1990s: modest improvements in PEI, Manitoba, Alberta and BC; "flattening out" in Newfoundland, Nova Scotia, New Brunswick, Saskatchewan and Yukon; or decline in Quebec, Ontario, the NWT, and Nunavut. Lone parents with one child working for minimum wages are able to rise above the poverty line in only three provinces – Quebec, Saskatchewan and BC, primarily thanks to provincial child benefits and earnings supplements (Battle, 2003).

As Table 3 shows, as of April 1, 2004, minimum wage rates vary from a high of $8.00 and over in BC, NWT and Nunavut, to a low of $6.00 and less in Newfoundland, New Brunswick, and Alberta. Not surprisingly, there appears to be a strong correlation between the rate of unionization and the minimum wage rates. One of the reasons is that, irrespective of how many people actually earn the minimum wage, increases to minimum wages help to drive wage levels up (Goldberg and Green, 1999).

TABLE 3. MINIMUM WAGES AND RATES OF UNIONIZATION BY PROVINCE, 2002.

Province/Territory	Minimum wage rates (in descending order)	Rates of unionization
Nunavut	$8.50	n.a.
NWT	$8.25	n.a.
BC	$8.00	34.7%
Quebec	$7.30	40.4%
Yukon	$7.20	n.a.
Ontario	$7.15	28.1%
Manitoba	$7.00	36.1 %
Saskatchewan	$6.65	35.8%
PEI	$6.50	30.9%
Nova Scotia	$6.50	28.1%
New Brunswick	$6.00	28.1%
Newfoundland and Labrador	$6.00	38.0%
Alberta	$5.90	24.5%

Sources: Human Resources Development Canada, 2004; Statistics Canada, *Labour Force Survey*; Jackson and Schetagne, 2003.

The Caledon report laid to rest the misconception that minimum wage workers in Canada are primarily teenagers and students.

> *"Contrary to what some people believe, the archetypical minimum wage worker is not a middle class teenager working after school for pocket money. In Canada and the US, the majority of minimum wage workers are adults… Four in ten minimum wage workers in Canada work on a full-time basis. " (p. 262)*

The Caledon Institute concluded by proposing that the minimum wage be indexed to the cost of living, and that the federal and provincial/territorial governments "establish a task force (with provision for public input) to examine the functions and adequacy of minimum wages" (p. 262).

What would be the impact of raising minimum wages? In a study of the social and economic benefits of minimum wages in Canada, Goldberg and Green (1999) found that the minimum wage in conjunction with other employment standards are one important policy instrument for raising the floor for low-income earners. Increases to minimum wages are tied to increases in the total wages paid to low-wage workers.

Goldberg and Green also examined the impact of minimum wage increases on employment. Their research supported findings in other studies that found that modest increases in minimum wages are not "job-killers", as portrayed by some critics. In fact, modest increases in minimum wages have been shown to have only marginal employment effects. Factors such as the business cycle, economic growth and changes in labour supply are far more significant to employment trends.

Low Wages and Level of Education

Contrary to what is sometimes argued, the incidence of low pay in Canada is a structural failing of the labour market, and not primarily a function of education or skill levels of Canadian workers. It is still true that the less education, the more likely a person is to be poor. However, the education advantage is declining in Canada and the proportion of low income adults with post-secondary education is increasing (Heisz, Jackson, and Picot, 2002). A recent report by (then) Human Resources Development Canada (HRDC) found that "a higher level of education is no guarantee of averting low income", since 36% of non-student low income lone mothers had a post-secondary certificate or degree in 1998. Although a higher level of education was not a guarantee against poverty, it did shorten the length of time spent on social assistance (Kapsalis and Tourigny, 2003).

Section B: Pathways to Progress

In this Section, we explore solutions – pathways to progress toward the substantial and sustained reduction and prevention of child poverty in Canada.

In the first chapter, Campaign 2000 sets out the objectives and policy framework for a Social Investment Plan and major initiatives that must be implemented over the next five years. Implementation of the major initiatives requires the leadership and action of both the federal and provincial/territorial levels of government. In addition, implementation of specific initiatives requires the involvement and participation of municipal governments, Aboriginal leaders, communities, voluntary sector organizations and citizens.

In the first chapter, we estimate costs of major initiatives. In the second chapter in this section, entitled "Restoring Government's Fiscal Capacity: Paying for Canada", we propose ways to restore the revenues required to pay for these major initiatives.

1. Addressing the Structural Challenges: Major Initiatives

To prevent and reduce child poverty, governments must adopt a comprehensive, multi-pronged social investment strategy. This strategy must recognize that children and their families require a mix of labour market initiatives, income security measures, community services, and housing to enhance their well-being.

Core Objectives

The core objectives of social investment for children and families are to:

- make significant progress in preventing and reducing the overall depth and levels of child poverty in Canada, resulting in major improvements in the living standards of all poor families including families on social assistance. To achieve this objective, major initiatives must be introduced to address two structural challenges, namely:
    1) to assure parents, including lone mothers, who are employed full-time that employment is a guarantee against poverty; and
    2) to assure parents who are unable or unavailable to be employed full-time of adequate income and other supports so that they can live in dignity and their children can thrive.
- end family and adult homelessness across Canada;
- recognize the unique historic circumstances and needs of Aboriginal people by introducing a range of measures, including an Urban Aboriginal Strategy;
- endow every child at birth with the conditions for healthy development and assure every child of equal opportunities for early learning and quality care during the critical early years, and sustain these conditions throughout the subsequent periods of childhood and youth;
- recognize and value the social contributions of parents to Canadian life through:

- financial support for extended leave options when children are young, and
- improved financial support to all modest and middle-income families with children;

- assure all children from low or modest income families that academic achievement at school can lead to post-secondary studies that are affordable and accessible;
- engage civic communities in mobilizing local resources to enhance supports and opportunities for all children and their families.

Policy Framework

A policy framework consisting of two sets of policies and programs helps to define how Canada will meet the objectives of social investment:

> *Life-cycle entitlements for all families and children to address common conditions, aspirations and needs*. Included here are universal public services such as health care and public education; early childhood education and care; a child benefit system that benefits the majority of families; and community and civic social infrastructure programs, such as public libraries and recreation programs.
>
> *Basic assurances to address vulnerabilities and particular circumstances that may result from illness, disability, or dislocation.* Basic assurances aim to ensure stability, predictability and security. Social housing and immigrant settlement services are examples.

Both sets of policies and programs must reflect and respect diversity. Universal programs ensure that people's common needs – for health care, for instance – are met, but do not presume that one size fits all. For example, children with disabilities and immigrant children should be entitled to attend public schools (universal entitlement) like other children, in integrated classrooms, yet be assured of the special supports (basic assurances) that they may require to meet their particular learning needs (such as Braille, assistive devices or teachers of English as a Second Language).

Core Elements of a Social Investment Plan for Children and Families

Campaign 2000 expects that the government of Canada will create and commit to a Social Investment Plan for children and families by December 2004. The plan should be a guide for comprehensive action within the next five years. The plan should identify focus areas and implementation plans, set out measurable targets that specify where the government expects to be at the end of each year, and include the required funding strategies for how it will pay for the plan.

Campaign 2000 challenges governments across Canada to work together to implement the major initiatives that we propose.

We know that provincial/territorial governments have a critical role to play in such areas as raising the minimum wage, creating a system of early childhood education and care, and provision of affordable housing. We know that municipalities can and want to play a larger role in turning back the tide of poverty and social inequality that is undermining civic life in Canada's major cities. Other community leaders and voluntary sector organizations also have important roles to play in rebuilding Canada's social infrastructure.

We also recognize that the major fiscal levers rest in the hands of the national government. Solving the structural issues that perpetuate high levels of child poverty is a challenge for all of Canada. It requires a pan-Canadian response. People in Canada are tired of hearing that solutions are not possible because of the lack of inter-governmental cooperation. No government *supports* child poverty. The national government must come to the table with appropriate funding strategies, but other levels of government and communities must play their part too.

Core elements of a Social Investment Plan, described next, include:

- More Good Jobs at Living Wages
- An Effective Child Benefit System
- A Universally Accessible System of High Quality Early Childhood Education and Care
- Significant Expansion of Affordable Housing
- A Renewed National Social Safety Net: Canada Social Transfer.

Campaign 2000 makes recommendations for major initiatives for each of these core elements. The core elements are essential to making significant progress in reducing the depth and levels of child poverty across Canada. There are still other areas where further policy definition and financial resources are needed to meet our objectives. To strengthen social policy foundations, Campaign 2000 also recommends action on:

- development of a collaborative Urban Aboriginal strategy;
- investment in post-secondary education to reduce the burden of student fees;
- an agenda for inclusion of children with disabilities and their families.

It is worth repeating what we said at the outset of this report. There are no easy, low-cost solutions to eliminate child poverty. Campaign 2000 continues to maintain that there should be protected resources for social investments in children and families. A commitment of at least 1.5% of GDP, which is approximately $18 billion, would provide a *solid base* on which to develop the core elements of our Social Investment Plan.

Major Initiatives to Implement the Social Investment Plan

Campaign 2000 elaborates on the major initiatives that we propose and discusses the results that Canadians should expect from government action within the next five years. The recommendations are organized under the five core elements of the Campaign 2000 Social Investment Plan.

More Good Jobs at Living Wages

The persistence of high levels of child poverty in Canada reflects the structural deficiencies of this country's labour market. The availability of sustainable employment opportunities at living wages should, therefore, be a matter of national priority. The federal and provincial governments share responsibility to develop strategies to ensure good jobs at living wages and should be required to tell Canadians how they are going to address the issue of sustainable employment in the areas over which they have jurisdiction. There are five recommendations for major initiatives in this area.

We recommend that provincial/territorial governments and the federal government raise the minimum wage under their jurisdictions to $10 an hour by the end of 2007, beginning with a raise to $8 by the end of 2005 and $9 by the end of 2006.

Most Canadians are affected by the minimum wages set by provincial governments, but federally-regulated workers constitute 12% of the labour force. Federal action would set a precedent for other governments.

This initiative would define a living wage standard that would create the following conditions:

- It would enable adults without children with full-time earnings to earn wages that would lift them out of poverty.
- It would enable individuals or couples with children to avoid or escape poverty through a combination of full-time earnings and child benefits.

We recommend that a federal-provincial Living Wage Commission be established by the fall of 2004, with a reporting deadline of December 31, 2005. The Commission would have the mandate to study and make recommendations on a range of issues affecting wages, hours of work, benefits, collective bargaining and barriers to employment of recent immigrants to Canada.

More specifically, the Commission should examine and make recommendations on:

- strategies to generate jobs at living wages;
- strategies to ensure workers job opportunities with sufficient hours to get out of poverty;
- introduction of extended health and dental benefits, with the goals of:
    - ensuring portability for people on social assistance making the transition into employment;
    - ensuring ongoing benefits for people currently in low wage employment;
- enhancing access/removing barriers to collective bargaining;
- addressing labour market barriers faced by recent immigrants to Canada, which result in conditions of unemployment, underemployment and other disadvantages. This includes attention to the issue of access to trades and professions and opportunities for training, upgrading and jobs at living wages.

We recommend that the federal government restore eligibility for Employment Insurance (EI) by introducing a uniform 360-hour qualifying requirement, and extend the EI benefit period to one year to protect all earners, including low income parents, when the economy is in recession.

A uniform 360-hour qualifying requirement is intended to ensure that laid-off workers and part-time workers are able to qualify for EI (CLC, 2002). An extended benefit period of one full year of protection when unemployment reaches recession levels reflects the realities of the labour market and would help to prevent workers and their families from cycling in and out of poverty with changing economic cycles.

We recommend that a federal-provincial Labour Market Strategy for People with Disabilities be developed that recognizes the need for a specific disability-supports strategy as one step in an overall labour market strategy.

Such a strategy should actively promote inclusive training, education, and work environments with improved supports for workers with disabilities (e.g. transportation). Without such a strategy, Canada will continue to waste the knowledge, talents and resourcefulness of adults with disabilities who could and should be participating in the labour market.

We recommend that the federal government explore, with provincial/territorial and municipal leaders, the introduction of living wage ordinances to leverage the creation of good jobs through contracts with employers.

Workers covered by living wage ordinances would include those employed in businesses that have a contract with government. The rationale is that governments should not contract with or subsidize employers who pay poverty-level wages. In the U.S., 116 cities and counties have living wage policies.

An Effective Child Benefit System

Child benefits are a critical policy instrument for addressing child poverty. Even with an improved labour market, families with children need a child benefit because wages do not reflect family size. A child benefit, therefore, recognizes that families with children have economic needs and claims on society which families without children do not have. In an ideal world, a child benefit would go to all families with children, irrespective of income, in recognition of society's collective responsibility to contribute to the cost of raising children. At the present time, extending the benefit to cover all families (it currently extends to about 80% of families) is less of a priority than ensuring that the benefit is adequate and fair for economically vulnerable families.

We recommend that the federal government:

- *consolidate the current child benefits into a single program in the first year of implementation of the Social Investment Plan; and*
- *raise the child benefit to a maximum of $4,900 (in 2005 dollars) per child by 2007.*

Consolidation of benefits will eliminate the current practice of clawing back the federal benefit from families receiving provincial social assistance and will create a comprehensive child benefit system for Canada.

In order to prevent and reduce low income among families with children, two policy pillars must come together: increasing the minimum wage to $10.00 an hour, and increasing child benefits, which should partially meet the needs of dependent children. Table 4 shows that, in order to eliminate low income, a lone mother with one child working full-time at $10.00 an hour (i.e. earnings at $18,000 levels), requires a child benefit in the amount of $4,900 a year (See Appendix A for implementation details).

TABLE 4. COMBINATION OF EARNINGS AND CHILD BENEFIT REQUIRED TO ELIMINATE LOW INCOME BY FAMILY TYPE, 2005 (BEFORE TAX, ESTIMATED)[7]

Family Type	Number of Children		
	1	2	3
One parent			
Earnings	$ 18,032	$ 18,032	$ 18,032
Child benefit	$ 4,900	$ 9,814	$ 14,728
Low Income Measure	$ 22,932	$ 27,846	$ 32,760
Two parents			
Earnings	$ 23,480	$ 24,165	$ 24,165
Child benefit	$ 4,366	$ 8,595	$ 13,509
Low Income Measure	$ 27,846	$ 32,760	$ 37,673

Sources: Statistics Canada, *Low Income Cutoffs from 1992 to 2001 and Low Income Measures from 1991 to 2000,* Cat. No. 75F0002M1E20002005, and CPI.

We have made some important progress toward this goal. The National Child Benefit will reach $3,243 by 2007, which is 64% of what is required. The enhanced child benefit of $4,900 (in 2005 dollars) combined with full-time work at a living wage of $10.00 an hour will help prevent the lone parent (mother) and child from falling into poverty.

The Government of Canada currently spends $8 billion annually on the Canada Child Tax Benefit. Therefore, an additional $10 billion in annual federal expenditures is required.

We recommend a three-year phase-in of new investments to reach the target of an additional $10 billion for the Canada Child Tax Benefit as follows: $4 billion in 2005, with $3 billion annual enhancements in each of the next two years (2006 and 2007).

A Universally Accessible System of Quality Early Childhood Education and Care

Campaign 2000 continues to support a pan-Canadian system of high-quality universally accessible, inclusive ECEC programs. Ideally, these seamless services would simultaneously:

- enhance and support children's well-being and development, serving as the foundation for lifelong learning;
- support parents in employment, training and their own lifelong learning;
- promote equity, especially for women and for children with disabilities;
- strengthen social solidarity and social inclusion.

[7] The Low Income Measure (LIM) is used in these calculations for two reasons: because of its international comparability and because it allows for an analysis by dependents more readily than the LICO.

Building an effective, universal system of ECEC services is a long-term process that will take time. We must move forward now.

We recommend that the federal government, working with the provinces/territories and community experts, take leadership in developing a comprehensive system of early childhood education and care for Canadian families. This process must begin with long-term goals, legislative and policy frameworks, and clear objectives, targets and timetables to guide implementation over the next decade.

A mature system of Canadian ECEC should look like this:

- All families everywhere in Canada with children 0-12 years old could use an ECEC program if they so chose.
- There would be comparable provincial/territorial systems of ECEC, complemented by adequately paid maternity/parental leave.
- Provinces/territories might employ different approaches but would share common pan-Canadian principles and goals (similar to Medicare).
- ECEC programs would be high quality, with qualified, decently paid early childhood educators providing non-didactic educational, play-based learning programs.
- ECEC programs would be multifunctional, seamlessly providing care in the parents' absence, early childhood education, and support for families with a parent at home and families with parents in the workforce/education/training.
- Parents would have reasonable choice of high-quality non-compulsory, full or part-day (or flexible hours, within reason) centre-based or well-supported family child care.
- ECEC would be part of a sustained, well-resourced publicly funded, provincially organized system everywhere in Canada. There would probably be affordable parent fees (at least for some programs or portions of the day) but programs would be accessible to all.
- There would be a public infrastructure rather than sole reliance on parent or volunteer initiation and operation.
- To ensure public accountability, funding would be directed to public and community-based programs.
- ECEC would be responsive to parents, and shaped and delivered at the local level.
- Consistent with Canadian values, ECEC would include families and children across the socioeconomic spectrum, cultural diversity would be respected, and children with disabilities would be fully included.

If the first step of the 2003 ECEC agreement is to become reality, a well-designed public policy framework and commitment of substantial public funds are required over the long term. Development of the policy framework would necessitate federal leadership and resources, active collaboration with provinces/territories and participation of community experts. The policy framework would include:

- a timetable of 10 years for development of a universally accessible high quality ECEC system across Canada;
- stated principles;

- pan-Canadian ECEC legislation;
- quantifiable short and medium-term objectives;
- implementation plans with targets and timetables for components of the system, adequate sustained funding for the initiative, ramped up as the system grows.

We do not anticipate that a mature, universal system will be in place across Canada within five years, but we do expect that the developmental work described above will be done within that period of time and that the system will have expanded and improved, with the support of additional federal funding. In a decade, we expect the universal system to be fully implemented and mature. The cost of a mature universal system of ECEC for children aged 0-6 has been estimated at up to $12 billion annually (see appendix 2). Additional steps must be taken for children aged 6-12. We propose a significant multi-year increase in expenditures to increase the supply of services and improve affordability.

We recommend that the federal government annually increase its allocation to early childhood education and care services to $6 billion by 2008 with the goal of increasing the supply of services and improving affordability for families.

Significant Expansion of Affordable Housing

In Campaign 2000's vision, affordable housing should be a realistic dream for many more Canadian households by 2010. Canada should be building a minimum of 25,000 units of affordable housing annually. The provinces, territories and urban governments should be encouraged to bring resources to the task of developing this housing. This could be in the form of land, provisions for affordable housing within official plans for cities, rent supplements to working poor households or improvements to social assistance payments. The Canada Social Transfer should require that provinces and territories have a shelter component of social assistance that covers average market rents in any given area.

Some steps have been taken to address the housing crisis. For example, the federal government has made a commitment under the Affordable Housing Framework Agreement to increase its investment to a total of $1 billion by 2008. However, not only is more funding needed, but action on existing commitments have been stalled by federal-provincial/territorial disagreement over cost-sharing.

We recommend that 25,000 new affordable housing units be built every year for the next five years. The federal and provincial/territorial governments must break the logjam around existing commitments and take immediate action to increase supply.

We recommend that the federal government commit at least $2 billion in each of the next five years to meet the pressing need for affordable housing.

A Renewed National Social Safety Net: Canada Social Transfer

The creation of the Canada Social Transfer (CST) is an opportunity to rebuild inclusive systems of welfare and social services, including an Urban Aboriginal Strategy that recognizes the particular needs of urban Aboriginal people in Canada. Campaign 2000 has developed recommendations on how the new Canada Social Transfer should contribute to renewing Canada's social safety net.

In the 2003 federal budget, the Government of Canada announced that it would "create two new transfers on April 1, 2004: A Canada Health Transfer and a Canada Social Transfer to increase transparency and accountability." The CST and CHT replace the Canada Health and Social Transfer, an unconditional block grant to the provinces that consolidated separate health, post-secondary and social services transfers in 1995.

The Canada Social Transfer can be a driver of policy and funding mechanisms to promote social inclusion in Canada. The keys to the success of the CST in shaping social policy across Canada lie in:

- clarity of purpose and transparency in the allocation of federal transfers to different programs;
- sufficient, sustainable and predictable federal transfers and clear accountability mechanisms for how federal funds are spent; and
- enforceable principles for a Canadian social safety net.

Clarity of Purpose: Defining National Social Investment Mechanisms

The Canada Social Transfer lumps funding of post-secondary education with funding for social assistance and social services. The CST, thus conceived, is nothing more than a residual block fund left over after the creation of the Canada Health Transfer (CHT). Yet, the goal of increasing transparency and accountability of health care funding that led to the creation of the CHT applies equally well in the areas of post-secondary education, social assistance and social services.

On the grounds of transparency and accountability alone, we feel strongly about separating the funding streams in the Canada Social Transfer. But Campaign 2000 has also examined this issue through the lens of our policy framework (see Box 1). These programs fall under two different types of federal investments:

- life-cycle entitlements for all families and children to address common conditions, aspirations and needs; and
- basic assurances to address vulnerabilities and particular circumstances that may result from illness, disability, or dislocation.

Box 1

Campaign 2000 National Social Investment Plan Mechanisms	
Mechanism	**Investments**
Canada Child Tax Benefit	Life cycle entitlement
Early Childhood Education and Care Investments	Life cycle entitlements for early childhood education and care programs
Post-Secondary Education	Life cycle entitlements for post-secondary studies
Housing Investments	Basic assurances for affordable housing
Social Transfer	Basic assurances for income assistance and social services
Health Transfer	Life cycle entitlements for health

We recommend that the federal government establish clearly demarcated funding mechanisms for each of the areas of health, post-secondary education, early childhood education and care, social assistance and social services, and housing.

- Federal transfers for life-cycle transitions, such as post-secondary education expenses and early learning and child care, support crucial pillars of Canada's human development agenda which should be funded separately as universal entitlements.
- The Canada Social Transfer should focus federal contributions **to** social assistance programs and social services. These programs form part of the basic assurances to help ensure stability, predictability and security for families and individuals.

Funding and Accountability

When the Canada Assistance Plan was ended and the CHST was introduced, the provinces were given greater flexibility over the use of transfers, but the federal government also made deep cuts in cash transfers.

The rebuilding of Canada's social services requires enhanced federal investments in the CST. While CHST cash transfers have been increased several times since 1995, health has been the beneficiary of the bulk of new funds. By 2002-03, funding for post-secondary education and social services remained well below the levels of 1992-93. DeGroot-Maggetti (2003) estimates that while cash transfers for health have increased by $1.29 billion, transfers for post-secondary education and social services have declined by $1.86 billion and $3.35 billion, respectively. Taken together, there has been a decline of over $5 billion in cash transfers for social services and post-secondary education to the provinces since 1992-93 (see Table 5).

TABLE 5. TOTAL FEDERAL CASH TRANSFERS: 1992-93 AND 2002-03 (CONSTANT 2002 DOLLARS)

	1992-1993 (billions)	2002-03 (billions)	Change 92/93 – 02/03 (billions)
Health	$10.55	$11.44	$1.29
Post-secondary	$4.28	$2.42	($1.86)
Social Services	$8.83	$4.84	($3.35)
Total	$23.66	$19.10	($4.12)

Source: deGroot-Maggetti, G. (2003). *The size and cost of reduced social transfers.* Toronto: Public Justice Resource Centre.

The federal government should begin to rebuild transfers to social assistance and social services by making up for cuts over the past decade. The federal government should be bound by the condition of stable, predictable funding.

In order to improve accountability, provincial and territorial governments should provide a complete accounting of their spending on social assistance and social services. One option for rebuilding the CST's policy framework is to create incentive funding, linking new federal dollars to actions by those provinces and territories that follow through on agreed-upon principles (e.g. incentive funding to bolster social assistance and community-based support services).

The federal, provincial and territorial governments, with citizen and voluntary sector involvement, should agree on common principles for reporting to assure that information is compatible across jurisdictions.

The funding formula for social assistance and social services should be based not only on population and inflation and/or economic growth, but should also vary as a function of the unemployment level in each province. This is to account for the additional costs to provincial and territorial governments during economic downturns. Changes to the funding formula should be subject to approval by a majority of the provinces.

We recommend that the federal government begin to rebuild transfers for social assistance and social services, and negotiate a new funding formula with the provinces/territories that provides sufficient, stable and predictable funding and recognizes regional economic variations.

Canada-Wide Principles

Campaign 2000 has always maintained that social assistance should be seen as a residual program of last resort and that it should never become the primary source of income for families with children. Government action on enhancing the child benefits and ensuring more good jobs at decent wages means that the use of social assistance will diminish over time, and that 'welfare' will become the program of last resort it was intended to be. However, for those who have to rely on social assistance, there must be guarantees of adequacy and fairness.

To strengthen Canada's income support programs, substantive and enforceable principles for social assistance programs must be established. The sole condition currently in place for federal transfers is that provinces may not apply a minimum residency requirement.

The 2003 Budget Implementation Act specifically says the federal government will "invite representatives of all the provinces to consult and work together to develop, through mutual consent, a set of shared principles and objectives for social programs that could underlie the Canada Social Transfer". Citizens and voluntary sector organizations that are involved in the social sector should also be participants in this process.

We recommend that substantive and enforceable principles for social assistance be established to ensure that this social safety net program of last resort provides adequate income support and is available to all low income Canadians who are without other means of support. All applicants and recipients must be guaranteed the right of appeal.

Accessibility: As under the Canada Assistance Plan, which ended in 1995, income support should be available to all low income Canadians without other means of support. In addition to there being no minimum residency requirement, there should be no exclusion of specific groups of people, nor limits on the amount of time or future eligibility for accessing social assistance benefits. Nor should there be a work requirement, as under various forms of workfare, although it is reasonable for provinces to expect recipients who are able to seek paid employment to do so. Provinces should also assure reasonable access to social services and supports, such as basic dental care, eyeglasses and prescription drugs.

Adequacy: Social assistance rates should be linked to the cost of a basket of goods and services (like the Market Basket Measure or the Winnipeg Acceptable Level of Living Measure) with additional consideration of funding and supports for people with disabilities. Provinces should allow a reasonable level of savings and real assets and provide earning exemptions to allow recipients to enter the workforce without suffering huge financial penalties.

Right of Appeal: All social assistance/welfare applicants and recipients should have a legal right to appeal decisions affecting them. The appeal process should be neither bureaucratic nor legalistic and tribunals should render their decisions speedily.

Strengthening Social Policy Foundations

Campaign 2000 also urges action in the following priority areas that will require additional policy definition and financial resources:

- development of a collaborative Urban Aboriginal Strategy;
- investment in post-secondary education to reduce the burden of student fees;
- an agenda for inclusion of children with disabilities and their families.

A Collaborative Urban Aboriginal Strategy

The specific needs of urban Aboriginal communities are critical to consider as new social policy is carved out and as a new deal for cities is crafted. The Canada Social Transfer must reflect the particular needs of Canada's urban Aboriginal communities, now a majority of the Aboriginal population of Canada.

The Aboriginal population is younger than the general population. While the median age in Canada is 38, the median age among Aboriginal people is 25 (Statistics Canada, 2003j). There is high mobility among Aboriginal people as many move to and from First Nations, Métis and Inuit and other rural communities to cities and within urban regions. Twenty-two per cent of Aboriginal people moved in the twelve-month period prior to 2001, in contrast to only 14% of non-Aboriginal people. As well, one in three Aboriginal children moved in that period (CCSD, 2003). Like many others, Aboriginal people seek better jobs, housing, health care, education and/or personal opportunities. However, such higher rates of mobility are also related to the “under-housing” of many Aboriginal families in urban areas. This means that many Aboriginal families have no home to call their own and are more likely to make frequent moves between the houses of friends or relatives.

Jurisdictional responsibility for Aboriginal people is disputed between the federal and provincial governments. Aboriginal people believe that Aboriginal and treaty rights are portable (from First Nations' communities to other communities) and that the federal government retains its fiduciary responsibilities wherever Aboriginal people live. At the same time, urban Aboriginal people want to retain their entitlements as citizens of the provinces.

This inter-governmental conflict creates confusion and disruption for Aboriginal communities and service-providers and increased marginalization for urban Aboriginal peoples. Funding support tends to reflect the traditional interpretation of responsibilities as defined in the Constitution. Most federal spending specifically directed to Aboriginal people – nearly 90% – goes to First Nations on reserve. The remaining 10% is delivered to the rest of the Aboriginal population through a patchwork of 80 different programs delivered by more than 20 departments (Goodale, 2004). Clearly, this fractious context does not lend itself to creative collaboration.

In recognition of the needs of urban Aboriginal peoples, the federal government initiated the Urban Aboriginal Strategy in 1998 which primarily focused on using existing resources better. The 2004 Federal Budget committed an additional $25 million to support an improved Urban Aboriginal Strategy. Most recently, the Prime Minister committed to expansion of services and a commitment not to “ … be caught up in jurisdictional wrangling, passing the buck and bypassing their needs.” (Martin, 2004) There has also been some success in securing appropriate planning and implementation of early childhood programs and Aboriginal human resource development agreements to include collaboration with Aboriginal service providers and to meet the specific needs of urban Aboriginal communities.

Much more is needed to ensure that the complex needs of urban Aboriginal people are effectively met and sufficiently resourced. The CST should embrace the concept of community (or civic) empowerment which would provide the mechanism by which urban Aboriginal communities could have the primary responsibility for planning and implementing community-based services such as affordable housing, child welfare, child care, family support and training and employment support, with the financial support of the federal and provincial governments. A recent decision of the Federal Court of Canada established an important precedent for this approach when it asserted that representative Aboriginal community organizations could be funded by Human Resources Development Canada to provide training programs where the applicants reside (Ardoch Algonquin First Nation & Aboriginal Council of Winnipeg Inc. vs. The Attorney General of Canada, 2002).

We recommend that a collaborative Urban Aboriginal Child Poverty Strategy be developed by the federal and provincial/territorial governments together with urban Aboriginal communities. Under the Canada Social Transfer, both levels of government should agree to commit financial support to community-based, off-reserve Aboriginal services that would be planned and delivered by Aboriginal agencies.

Supporting Post-Secondary Education

Campaign 2000 has proposed that post-secondary education be removed from the Canada Social Transfer and funded separately as a universal entitlement and a pillar of Canada's human development agenda.

High tuition fees and the prospect of massive debt loads are limiting access to post-secondary education for qualified students from low and moderate income families. Children and youth of low or modest income background should be assured that academic achievement at school can lead to post-secondary studies that are affordable and accessible.

We recommend that the federal government commit to national investments through the provinces to freeze and lower tuition fees for post-secondary studies across Canada.

Federal/provincial/territorial governments should improve access to post-secondary education by increasing the student financial aid package and allocating a higher proportion of aid to needs-based grants.

An Agenda for Inclusion of Children with Disabilities

The federal government, with the provinces, territories and Aboriginal leaders, should take leadership in developing policies and programs to support the social development needs and promote the inclusion of children with disabilities and their families. (Canadian Coalition for Family Supportive Policy, 2004; Canadian Association for Community Living, 2004). Such a policy agenda should include action in the following areas:

- Access to needed programs and supports for children with disabilities and their families. As part of expanding choice to a range of family supports, specific programs and services are required that enable the active engagement and participation of children and youth with disabilities in their communities, at home, school and play along side their peers.
- Fostering safe and supportive communities to address the disproportionate number of children with disabilities being forced into the child welfare system, the higher prevalence of these children living in poverty and facing abuse, and the specific needs of Aboriginal children with disabilities.
- A strategy to address the economic security of children with disabilities and their families through steps to improve the child disability benefit and other tax measures, as well as changes to employment legislation.

- Steps to advance and promote citizenship for children with disabilities and their families to ensure their participation in all aspects of community life. This includes action in the areas of lifelong learning - such as early childhood education and care and the education system - as well as in the areas of health care, transportation, employment, leisure and recreational activities.

We recommend that the federal government, with the provinces and Aboriginal leaders, develop an agenda of inclusion for children with disabilities and their families to ensure their full participation and engagement in all aspects of community life.

2. Restoring Government's Fiscal Capacity: Paying for Canada

There can be no hiding behind myths that we can't afford to ensure income adequacy to all Canadians. The recent federal budget proved that. The Minister of Finance redistributed $1.75 billion for the 1975-1976 fiscal year through reduction in the personal income tax alone. He redistributed another $885 million in sales and tariff provisions…

... No one suggested we couldn't afford these tax cuts. Economists argued whether they were too much or too little… A guaranteed adequate income that eliminates poverty in Canada will cost roughly the amount of these tax cuts… We can afford it exactly as easily as we afforded the tax cuts. The question is whether we choose to.

National Council of Welfare, *Poor Kids*, 1975

Learning from History: The Vicious Circle of Revenue Depletion

The parallels between 1975 when the report, *Poor Kids,* was released and the recent social policy context are startling. Child poverty is identified as a national issue, the federal government completes a social security review which promises to address poverty, and then promptly introduces a tax-cutting agenda that robs it of the fiscal capacity to act on its promises. Sound familiar?

To make matters worse, Canada still feels the reverberations from the 'tax holiday' granted by the federal government to well-off Canadians 25 years ago. That period of under-collection resulted in a revenue shortage that contributed to the federal budget deficit of the 1990s which led to more cuts to social spending and later tax cuts.

Paying for Canada: Public Finance and National Programs, a report released in 1994 by three Campaign 2000 partners,[8] argued that the federal government and the media were distorting the truth in presenting over-spending as the reason for the federal deficit. The report demonstrated that:

- The federal deficit was caused not by over-spending but by under-collection.
- There were new ways to finance Canada's social security system.
- Canada was the G-7 country which experienced the largest decline in central government revenue in the late 1970s due to the fact that successive federal governments introduced tax concessions that allowed both individuals and corporations to escape paying their fair share.

There was little sympathy for this message among the media despite the support of community groups, social policy organizations and even members of the federal Liberal caucus. Consequently, the public had limited exposure to alternative perspectives.

Subsequently, the 1995 federal budget announced major spending cuts and the introduction of the Canada Health and Social Transfer. This momentous budget had both substantive and symbolic significance. Substantively, the CHST reduced the amount of federal transfers to the provinces by an estimated $12

[8] Child Poverty Action Group, Citizens for Public Justice, and (then) Social Planning Council of Metropolitan Toronto.

billion for social programs such as social assistance, health and post-secondary education and moved to unconditional block funding. Symbolically, the 1995 budget represented the triumph of the so-called fiscal imperative – the view that addressing the deficit required social spending cuts.

The focus on tax cuts reached a pinnacle with the 2000 federal budget which had been widely anticipated to be a “children’s budget”. Instead, tax cuts worth $100 billion over a five-year period were the centrepiece of the 2000 federal budget. This major decrease in revenue, from both individual and corporate taxes, left social programs, including child poverty programs, competing with health care for funds from depleted general revenues.

The federal government's cupboard, while not exactly bare, is certainly not well-stocked. The 2004 federal budget reports budgetary revenues at 14.9% of GDP in 2003-04, the lowest share of the economy since the early 1960s (Department of Finance, 2004). Projections in the 2000 federal budget that program spending would be reduced have come to fruition in 2003-04. Since then, Finance Ministers John Manley and Ralph Goodale have continued the message of prudence.

A New Crossroads on Taxation and Social Investment

Canada is at another crossroads in 2004, with the same choices that we had in 1975:

i. acquiescence, i.e., doing nothing about recovering lost revenue. This choice would lead to another cycle of spending cuts and increased poverty and polarization;

ii. allowing deficits to grow. This would make available some short-term funding but would not be a secure option; and

iii. recovering revenue. This is the only choice that will restore the fiscal capacity needed to address child poverty and invest in other social policy initiatives.

It is not yet clear which path Prime Minister Martin will take. As Finance Minister, he may have been able to send mixed signals about his commitment to end child poverty and reduce the income gap between rich and poor, while cutting social programs. As Prime Minister, he is obliged to act more consistently and be more accountable for implementing his commitments. The 2004 Speech from the Throne commits to “strengthen Canada’s social foundations … in social programs that seek to level the playing field for everyone” and commits to “fiscal prudence”, pledging “this Government will not spend itself into deficit.”

There are clear signs that the public’s appetite for tax cuts, if there ever was one, is waning. Public opinion polls consistently show that Canadians overwhelmingly choose a whole range of social investments over tax cuts as top priorities for government action (Ekos, 2004). In the 2003 Ontario election, for example, voters explicitly rejected the incumbent Progressive Conservative government’s existing and proposed tax credits when they chose the Liberals who have followed through on their promise to end the planned cuts to corporate income taxes worth $1.75 billion (est.). In 2003, David Miller became the new Mayor of Toronto, despite suggestions that he would, if necessary, increase taxes to pay for the city’s social infrastructure.

A new consensus is emerging in Canada based on the realization that we must pay for what we value and what we need. There is a growing call for raising or recovering revenue so that Canada can afford to invest in social programs and other public goods, even if it means increasing taxes. Interestingly and significantly, this call is coming from some unlikely places.

Anne Golden, President of the Conference Board of Canada, has argued that taxes may need to be raised in order to pay for investments to maintain our standard of living and level of productivity. She suggested that growing revenues should allow the federal government to increase federal transfers to health care, but would not allow federal investments in other critical areas, such as urban infrastructure, post-secondary education and human capital development. "To keep the Canadian advantage in the world, we must pay our way". The best approach would be to increase productivity. However, "… if all else fails, we may have to look at an increase in taxes, preferably using a value-added consumption tax, with tax credits for low-income Canadians. An increase of even 1 per cent in the GST, for example, would provide almost $4-billion annually in new revenue." (Golden, 2003).

The mainstream media have also begun to take up the call. In an article entitled "May I Please Pay Taxes", *Maclean's* columnist, Lesley Choyce argues:

> *Why am I such a rabid pro-tax advocate? It's simple. Every time someone starts to hack away at government waste, they end up cutting the wrong thing. It shouldn't work out this way, but it almost always does. Education, health care, social welfare programs are cut. People get hurt. (Nov. 10, 2003, p. 64).*

Recently, the public is beginning to speak out. The Other Taxpayers' Federation – Ontario is calling on the Ontario government to raise individual and corporate taxes by 5%. The Ontario Alternative Budget estimates that a 2% provincial tax increase would generate more than $1.25 billion at a cost of no more than $2.50 per week for the average taxpayer.

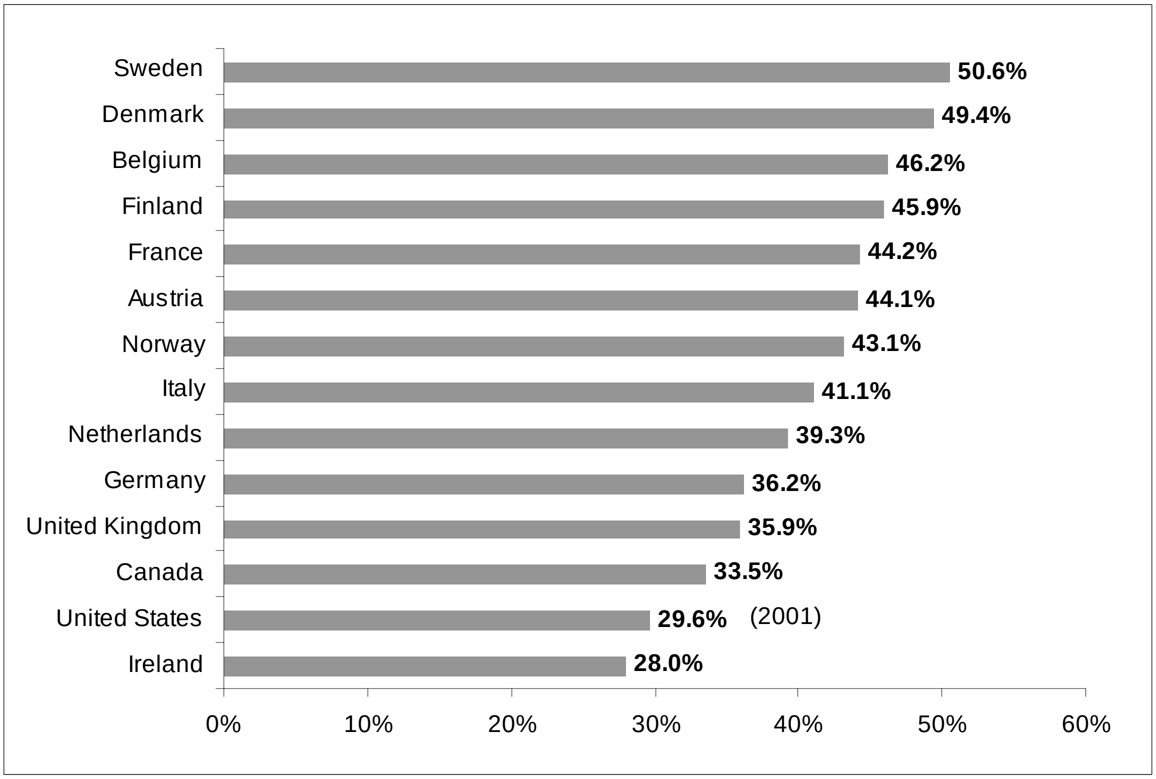
Making the Case for Revenue Recovery Strategies

We are once again experiencing revenue depletion in this country, a situation akin to induced scarcity. Despite a growing economy, the federal government's capacity to act on priority areas, such as child poverty, health care and a new deal for cities, is being severely restricted by its own actions over the past decade.

The federal government does not now have the ongoing fiscal capacity to make needed investments because it has depleted its revenues through tax cuts. Canada's tax revenue as a percentage of GDP has been going down. In 2002, preliminary OECD estimates show that Canada's total tax revenue, including social security contributions, had declined by 1.6%, from 35.1% in 2001 to a projected 33.5% in 2002. This translates into $20 billion. The question is: will the Canadian government have the courage to use existing mechanisms and restore ongoing revenues in order to meet its goal of strengthening social programs?

Data from the OECD, for the year 2002, shows that Canada certainly has room to maneuver. Canada's taxation level is light compared to most OECD countries. Figure 11 compares total tax revenues, including revenues from social security contributions, as a percentage of GDP in OECD countries. It shows that Canada ranks 12th out of 14 countries with respect to its total tax load.

FIGURE 11. TOTAL TAX REVENUE AS PERCENTAGE OF GDP IN SELECTED OECD COUNTRIES, 2002



Source: OECD (2003). *Revenue statistics of OECD member countries*. Table 2. Paris: OECD

As the chart above demonstrates, the government of Canada relies on revenues from taxes and compulsory social insurance contributions far less than most industrialized nations. It is also important to note that when modest-sized countries are compared with the closest dominant economy, which is often a major trading partner, the relationship is similar in Europe and in North America. As the graph indicates, the Swedes have 40% greater tax levels than the Germans. Yet, the Swedes maintain a successful economy in relation to Germany, the dominant economy in the EU. Similarly, Canada has 20% higher tax levels than the U.S. and still competes effectively. Indeed, it appears that there is still room for Canada to strengthen its reliance on tax revenues in order to maintain its quality of life.

Clearly, Americans and Canadians have adopted different approaches to quality of life. *The Toronto Star's* economics editor David Crane (2002) reviewed several international reports identifying Canada's success with regard to educating children to a reasonable standard and achieving reading and literacy rates. He concluded:

> *The quality of our individual lives depends on more than our personal wealth. That quality also depends very much on the social environment in which we live. By paying higher taxes, Canadians are opting for a healthier social environment, which enables more people to live better lives.* (p. D2)

It is well known that many European countries spend more on social programs than Canada. What is less well known perhaps is that many of the European welfare states have relied heavily on social insurance contributions and consumption taxes. Funding for family allowances, for example, comes either entirely from the government (as in Luxembourg and the Netherlands), or through a mixed system of taxes and employee and employer contributions.

Consumption taxes or value-added taxes (VAT) have become an important revenue-raising mechanism in Europe. Canada's GST and the recent introduction of a new consumption tax in Australia make the U.S. the only OECD country without a value-added tax. The standard VAT rates as of January 2003 were: Sweden & Denmark 25%; Norway 24%; France 19.6%; Austria 20%; Germany 16%; Canada 15% (estimated average of GST and PST); and Japan 5% (OECD, 2003).

Recovering and Protecting Public Revenue to Invest in Families and Children

Campaign 2000's proposals for improving and enhancing the Child Benefit, expanding early childhood education and care services, developing affordable housing and implementing strategies to improve the availability of decent jobs would require major increases in public revenue in the next five years. Campaign 2000 continues to maintain that there should be protected resources for these social investments in children and families. At least 1.5% of GDP, approximately $18 billion annually, is required in public revenues to provide a solid base on which to develop these proposals. This proportion of revenues directed to children is modest in contrast to many European countries.

Based on the record of recent years in which economic growth has been robust, a pattern of underestimating federal budget surpluses has emerged (CCPA, 2004). Campaign 2000 joins other groups in calling on the federal government to make more accurate projections of its ongoing revenue base which has consistently been higher than projected. We believe it is reasonable to increase annual revenue projections by a minimum $5 billion. A significant portion of these revenues should be directed to the reduction of child poverty. The remaining revenue required to finance Campaign 2000's major initiatives will need to come from new sources.

We recommend a broad mix of strategies including new revenue sources to secure reliable, ongoing funding for investments in children and families. First steps include:

- no further general tax cuts; and
- creating and sustaining a National Community Infrastructure Fund for affordable housing, the capital costs of expanding early childhood education and care, and other social and physical infrastructure needs.

Other options to be considered and explored include:

- new income tax rates for high earners to restore equity to the system;
- designated surcharges on income tax for human development investments;
- modest increases in consumption taxes with corresponding enhanced credits for lower income earners.

No More General Tax Cuts

The federal government can send an important signal to all Canadians by encouraging everyone to consider themselves as citizens first, not taxpayers first. As originally articulated by U.S. Justice Oliver Wendell Holmes in 1904, “taxes are what we pay for civilized society.”

A National Community Infrastructure Fund

C2000 urges the federal government to discontinue its current practice of allocating any surplus revenues available at fiscal year-end to debt reduction. Instead, we urge the government to use those revenues to begin to address the deficit in social and community infrastructures in this country.

During the past five years, while the social infrastructure that supports the livability of our communities has continued to erode, more than $36 billion has been automatically directed to debt payments (Russell, 2003). Just as there is a tremendous need to bolster the physical infrastructure of communities, including public transit, there is an urgent and abiding need to ensure social infrastructure is in place across Canada to support inclusive, well-resourced communities in which children can thrive. A National Community Infrastructure Fund should be created and sustained to move forward on such priorities as affordable housing, the capital costs of expanding early childhood education and care, and other social infrastructure needs.

Other options to consider for additional revenue generation include the following:

New Income Tax Rates

Campaign 2000 believes it is fair that everyone contribute to the cost of social investments that enable children to thrive, not merely survive. We propose a review of individual tax rates. For example, a modest increase of one percent in existing tax rates would provide additional revenue of $5 billion that would help to sustain social investments (Brown and Haynes, 2002).

Consideration should be given to establishing a new tax rate for high individual incomes: a new rate of 32.5% for individual incomes above $250,000, and a new rate of 30.5% for individual incomes above $125,000. It is estimated that these measures would increase federal revenues by at least $2 billion per year (Alternative Federal Budget, 2004; Canada Customs and Revenue Agency Income Statistics, 2003).

Designated Surcharges on Income Tax for Human Development Investments

There is increasing recognition of the need to pay for public services that Canadians want, need and value, and increasing willingness on the part of citizens to pay their fair share. Health and human development investments are two areas that Canadians agree are public priorities. The use of the income tax system to raise additional revenue for national priorities would be an important option to consider.

Modest Increases in Consumption Taxes with Corresponding Enhanced Credits for Lower Income Earners

Value-added consumption taxes are an important source of revenue for EU countries. Consumption taxes can be mildly progressive if adequate tax credits are available for low and modest income families. The GST provides an efficient way for the federal government to recover revenue. It is estimated that a one percent increase in the GST would yield an estimated $4 billion. The system of GST tax credits for low and modest income people provides an important protection to families while efficiently raising revenue. A review of eligibility levels for the GST credit would need to accompany increased tax rates.

Campaign 2000 acknowledges that consumption taxes are traditionally viewed as regressive. Recent work done by the City of Winnipeg, using pre-tax household income data from Statistics Canada and provincial sales tax data with credit applied, show consumption taxes to be slightly progressive (City of Winnipeg, CAO Secretariat, November 2003).

Conclusion

Child poverty can no longer be put on hold. Since 1989, we have witnessed an all-party resolution in the House of Commons to end child poverty; a federal social security review that identified child poverty as a national priority; statements by both then Prime Minister Jean Chrétien and now Prime Minister Paul Martin that child poverty is the great social policy challenge of the decade; and financial "downpayments" on major initiatives, such as the National Child Benefit, the Early Childhood Development Agreement and the Multilateral Framework Agreement on Early Learning and Care.

Canada has also participated in two United Nations' Special Sessions on Children in 1990 and 2002 where this country made commitments before the international community to improve conditions for children at home.

During the most recent UN Special Session, in May 2002, the Government of Canada made a commitment to develop and implement a National Plan of Action for Children which includes commitments to improve the living standards of children (UNICEF, 2002).

Canada's persistent levels of child poverty have been consistently singled out for action by the UN. In the UN's recent review of Canada's compliance under the Convention on the Rights of the Child, the UN Committee on the Rights of the Child "reiterated its previous concern related to the emerging problem of child poverty [...] related to economic and structural changes and deepening poverty among women, particularly affecting single mothers and other most vulnerable groups, and the ensuing impact this may have on children" (United Nations Committee on the Rights of the Child, 2003).

Campaign 2000's proposals, as outlined above, are responsible and reasonable. The proposals will require at least $18 billion annually for essential social investments. This proportion of social investment is low compared to some other OECD nations. In addition to creating a climate where children can thrive, there is evidence described earlier in this report that effective social investments provide long-term gains for children, their families and for society.

Downpayments are no longer enough. We require full payment to honour Canada's longstanding commitment to end child poverty. The pathways to progress require a full multi-year government plan unveiled by the end of 2004 on how the federal and provincial/territorial governments will address child poverty. Such a plan should include timetables, benchmarks of progress, and, most importantly, the fiscal capacity required to implement the plan.

We expect that these commitments will be made in the next year, including an explicit statement of plans for restoring the fiscal capacity to undertake serious structural change.

Appendix A

Comparative Value of Actual and Campaign 2000 Proposed Federal Child Tax Benefits by Family Income

- Campaign 2000's proposal will raise the total federal child benefit to $4,914 by 2008 – an increase of $1,670 above current federal plans for 2008.
- This maximum benefit will be payable to children in families with net incomes at or below $18,000.
- For families with one child, benefits are reduced by $0.10 on the dollar between $18,000 and $45,000 in net income. Above $45,000, the tax-back rate is 5%.
- For families with two or more children, the tax-back rates are 20% between $18,000 and $45,000 and 10% above $45,000.
- By 2008, a family with a net income of $45,000 will be eligible for a maximum benefit of $2,800 per child for two-parent families and a maximum of $3,050 per child for one-parent families. This is more than double the benefit that is currently projected by the federal government.

TABLE 6. AVERAGE STATUS QUO AND CAMPAIGN 2000 CHILD BENEFITS PER CHILD, BY FAMILY TYPE - CANADA 2008

	Net income group											
	Min - 10,000	$10,001- $20,000	$20,001- $30,000	$30,001- $40,000	$40,001- $50,000	$50,001- $60,000	$60,001- $70,000	$70,001- $80,000	$80,001- $90,000	$90,001- $100,000	$100,001 +	All
Married couple with children												
Status quo child benefits, per child	$3,165	$3,074	$2,755	$1,952	$1,348	$1,109	$ 917	$ 769	$ 541	$ 398	$ 112	$ 938
Average C2000 Child Benefits, per child	$4,914	$4,901	$4,347	$3,487	$3,087	$3,062	$2,600	$2,205	$1,648	$1,362	$ 484	$2,104
Single parent family												
Status quo child benefits, per child	$3,263	$3,074	$2,711	$1,950	$1,294	$1,076	$ 983	$ 669	$ 538	$ 371	$ 188	$2,367
Average C2000 Child Benefits, per child	$4,914	$4,902	$4,304	$3,392	$2,818	$2,687	$2,309	$1,508	$1,240	$1,071	$ 746	$3,892

Source: SPSD/M, run March 19, 2004

FIGURE 12. CAMPAIGN 2000 VERSUS STATUS QUO CHILD BENEFITS MARRIED COUPLES WITH CHILDREN, CANADA 2008

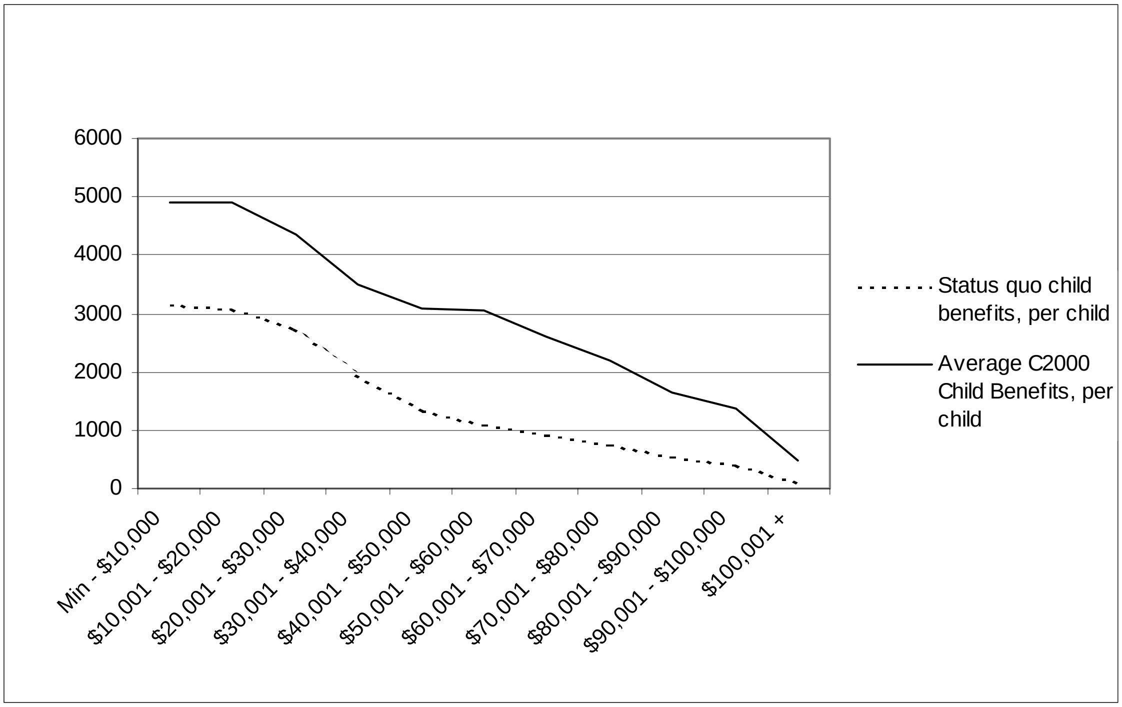
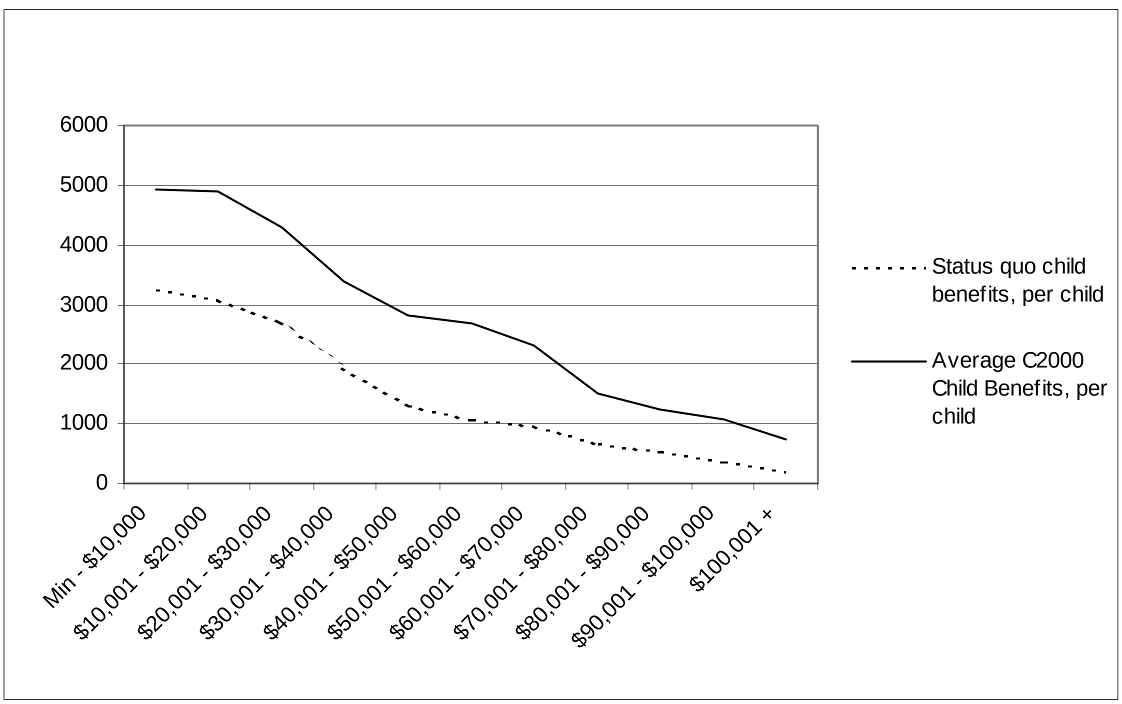


FIGURE 13. CAMPAIGN 2000 VERSUS STATUS QUO CHILD BENEFITS SINGLE PARENTS, CANADA 2008



Appendix B

Campaign 2000 Early Childhood Education and Care Proposal

The table below provides a set of assumptions and estimated costs for a mature system of ECEC services for 0-6 year olds which total about $12 billion.

A detailed costing would require defining a set of assumptions about parent fees, teacher wages, staff/child ratios and how quickly the programs come on stream. An annual figure of more than $10 billion is consistent with Canadian costing for ECEC such as that of Cleveland and Krashinsky (1998) as well as with the recommendations of the European Union Childcare Network of at least 1% of GDP for children aged 0-6 years (1996).

TABLE 7. THE COST OF A MATURE ECEC PROGRAM FOR 0-6 YEAR OLDS (IN 2004 $)

ECEC Program for 0-2 year olds	ECEC Program for 3-5 year olds
Total Number of Children	**Total Number of Children**
• Total Number of children 0-2 years old (2001): 1,016,700 (c. 1 million) • Approximately 333,333 per age cohort (0-1, 1-2, 2-3)	• Total Number of children 3-5 years old (2001): 1,0173,900 (c. 1 million) • Approximately 333,333 per age cohort (3-4, 4-5, 5-6)
Number of Spaces Required	**Number of Spaces Required**
• 0-1 year olds: with proposal for improved maternity/parental leave, we assume there will be an increased number of parents who will choose to stay home during child's first year. Our program accounts for 10% of this age cohort - 33,333 children. • 1-2 year olds: our program accounts for 75% of this age group (approximately the rate of mothers' participation in the labour force) – 250,000 children. • 2-3 year olds: our program accounts for 75% of this age group – (approximately the rate of mothers' participation in the labour force) – 250,000 children. • Number of child care spaces required: 533,333	• 3-4 year olds: our program assumes 80% of children will attend an ECEC program of same duration as school day (6 hours). In addition, we assume that 75% will require a full seamless day (9 hours). • 4-5 year olds: our program assumes 90% of children will attend an ECEC program of same duration as school day (6 hours). In addition, we assume that 75% will require a full seamless day (9 hours). • 5-6 year olds: our program assumes 100% of children will attend an ECEC program of same duration as school day (6 hours). In addition, we assume that 75% will require a full seamless day (9 hours). • Number of children attending ECEC program of same duration as school day: 899,333 • Of those, 750,000 attending seamless-day ECEC
Cost of Program for 0-2 year olds	**Cost of Program for 3-5 year olds**

• Annual full-time cost per child: $10,000
• Number of child care spaces required: 533,333
• Total Cost: $5.333 billion
  ◦ Parent Contribution (20%): $1.066 billion
  ◦ <u>Public Cost (80%): $4.24 billion</u>
	• FTE cost of ECEC program per child: $8,000
	• Annual cost of ECEC program (10 months/6 hours): $6,666
	• Annual cost of seamless-day ECEC program per child (10 months/9 hours): $9,999
	• Required ECEC program spaces of same duration as school day: 899,333
	  ◦ <u>Public Cost: $6 billion</u>
	• Additional per-day, per-child cost of seamless-day ECEC spaces (3 hours): $3333
	• Number of children attending seamless-day ECEC spaces: 750,000
	• Total cost: $2.5 billion
	  ◦ Parent Contribution (20%): $500 million
	  ◦ <u>Public Cost (80%): $2 billion</u>

Total public cost of program 0-5 year olds: 12.2 billion	

It would be important for federal allocations for ECEC to mesh with the policy planning and development process, to ramp up over time and to be adequate for meeting targets and timetables. In the implementation of Campaign 2000's proposal, it is assumed that current expenditures would continue to be directed to developing systems of ECEC. New investments would take into account how current spending of ECEC is unevenly applied across the country. Such factors would be considered as part of federal/provincial negotiations of the new agreement.

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END CHILD POVERTY IN CANADA

Campaign 2000 Partners

NATIONAL PARTNERS include: Boys and Girls Clubs of Canada (Toronto), Campaign Against Child Poverty (Toronto), Canadian Academy of Child Psychiatry (Hamilton), Canadian Association for Young Children (Fredericton), Canadian Association of Family Resource Programs (Ottawa), Canadian Association of Food Banks (Toronto), Canadian Association of Schools of Social Work (Ottawa), Canadian Association of School Social Workers and Attendance Counsellors (Winnipeg), Canadian Association of Social Workers (Ottawa), Canadian Auto Workers (Toronto), Canadian Child Care Federation (Ottawa), Canadian Council for Reform Judaism (Toronto), Commission on Justice and Peace-Canadian Council of Churches (Toronto), Canadian Council on Social Development (Ottawa), Canadian Federation of Students (Ottawa), Canadian Feed the Children (Toronto), Canadian Housing and Renewal Association (Ottawa), Canadian Institute of Child Health (Ottawa),Canadian Jewish Congress (Ottawa),Canadian Labour Congress (Ottawa), Canadian Mental Health Association (Toronto), Canadian Psychological Association (Burlington), Canadian School Boards Association (Ottawa), Canadian Pensioners Concerned (Toronto), Canadian Teachers' Federation (Ottawa), Catholic Health Association of Canada (Ottawa), Centre for Social Justice (Toronto), Child Care Advocacy Association of Canada (Ottawa), Childcare Resource and Research Unit (Centre for Urban & Community Studies, University of Toronto), Child Poverty Action Group (Toronto), Child Welfare League of Canada (Ottawa), Citizens for Public Justice (Toronto), Family Service Canada (Ottawa), Jewish Women International of Canada (Toronto), Mazon Canada (Toronto),National Anti-Poverty Organization (Ottawa) , National Council of Jewish Women of Canada (Winnipeg), National Council of Women of Canada (Ottawa), National Association of Friendship Centres (Ottawa), Oxfam Canada (Ottawa),Pueblito (Toronto), Save the Children – Canada (Toronto), Specialink: The Child Care Inclusion Network (Sydney), United Steelworkers of America (Toronto), YWCA of/du Canada (Toronto).

PROVINCIAL AND COMMUNITY PARTNERS include: Newfoundland Community Services Council (St. John's); Nova Scotia North End Community Health Centre (Halifax), Dalhousie Legal Aid Service (Halifax), Anti-Poverty Network (Halifax), Nova Scotia Council for the Family (Halifax), Nova Scotia School Boards Association (Dartmouth), Annapolis Valley-Hants: Community Action Program for Children (Canning); New Brunswick Human Development Council (Saint John), Centre de Bénévolat de la Péninsule Acadienne Inc. (Caraquet), University of New Brunswick(Fredericton); Prince Edward Island Chances (Charlottetown); Quebec Moisson Montreal Harvest (Liess); Ontario Ontario Campaign 2000 (Toronto), 0ntario Social Development Council (Toronto), Interfaith Social Assistance Review Coalition (Waterloo), Registered Nurses' Association of Ontario (Toronto), Ontario Coalition for Better Child Care (Toronto), Ontario Psychological Association (Toronto), Ontario Association of Social Workers (Toronto), Ontario Association of Children's Rehabilitation Services (Toronto), Ontario Association of Children's Mental Health Centres (Toronto), Ontario Public Health Association (Toronto),Ontario Federation of Labour (Toronto), Ontario Public Service Employees Union (Toronto), Elementary Teachers Federation of Ontario (Toronto), Ontario Secondary School Teachers Federation (Toronto), United Steelworkers of America, District 6 (Toronto), Ontario Association of Family Resource Programs (Toronto), Ontario Association of Food Banks (Toronto), Provincial Council of Women of Ontario (Niagara-on-the-Lake), The Community Social Planning Council (Toronto), Children's Aid Society of Toronto/Metro Campaign 2000 (Toronto), Family Service Association of Toronto (Toronto), Somali-Multi Service Centre (Toronto), Halton Social Planning Council (Burlington), Social Planning Council of Peel (Mississauga), Peel Poverty Action Group (Missisauga); Peterborough Social Planning Council (Peterborough), Durham Child Poverty Task Force (Ajax), 905-Area Faith Community Leaders; Grey Bruce Huron Perth District Health Council (Mitchell); South Central Ontario Social Planning and Research Council of Hamilton-Wentworth (Hamilton); Eastern Ontario Social Planning Council of Ottawa-Carleton (Ottawa),Ottawa-Carleton CPAG (Ottawa), Children's Aid Society of Ottawa-Carleton (Ottawa); Hastings & Prince Edward Legal Services (Belleville); South Western Ontario Southwestern Ontario CPAG (London), Sisters of St. Joseph of London, Ontario (London), CAPC Niagara Brighter Futures (Niagara); Northern Ontario Lakehead Social Planning Council (Thunder Bay), Laurentian University (Sudbury), Office of Social Affairs – Diocese of Sault Ste-Marie (North Bay); Manitoba Social Planning Council of Winnipeg (Winnipeg), Native Addictions Council of Manitoba (Winnipeg); Saskatchewan Social Policy Research Unit, University of Regina (Regina), Saskatoon Communities For Children (Sask); Alberta Edmonton Social Planning Council (Edmonton), Feeding Calgary's Children Initiative (Calgary); British Columbia B.C. Campaign 2000 has over 15 local and regional organizations, including Social Planning and Research Council (Vancouver), First Call!! (Vancouver*), and Federated Anti-Poverty Groups of B.C. (Dawson Creek);* Yukon *Yukon Anti-Poverty Coalition (Whitehorse).*