

Next Steps for Alleviating Poverty

by

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(This is an abridgement of comments made by Dr. Michael J. Prince at End Exclusion, 22 November 2007, in Ottawa.)

I have been asked to talk about next steps, building on the new initiatives to alleviate poverty. I was here last year and I am pleased to see we are moving from vision to concrete action.

The first point I want to make is that the road to the disability movement's first priority, which is a substantial increase in the supply and quality of disability-related supports, is through income reform. So, the various areas of policy and program reforms in the Action Plan are not trade-offs. They complement each other. My belief is that we will never see a substantial increase or anything approaching a national, a coast-to-coast-to-coast system of disability-related supports for families and individuals in this country, unless we see the Federal Government engage in that. They will not do that, in my view, through a cost-shared agreement with the Provinces and Territories. The way to create that opportunity and that Federal leadership is through income security reform.

Limits to tax cuts

In preparing for this morning, I asked myself the question, what is the most significant thing the current Federal Government has done that relates to disability issues. My answer is that the most significant initiative that this government has done so far that relates to and impacts on disability is their tax relief or tax cut agenda.

With the 2007 Budget, it is now an agenda that totals \$190 billion in tax cuts over the next six years, bringing the Federal tax rates to their lowest level in over half a century.

This is a proud legacy of this government. I understand the political popularity of tax cuts. I appreciate the personal popularity of tax relief for those who can enjoy such relief or reductions. But I have to say: enough is enough.

The more we cut taxes, the more we reduce the fiscal capacity of the government of Canada, the less likely, that this government or any future government will play a needed leadership role on disability issues. Quite frankly, we are at, I think, the tipping point, of incapacitating the Government of Canada with financial resources to undertake any new substantial social reforms of any kind.

I think we have reached enough tax relief. That might sound like heresy, but I think it is endangering our ability to do any new social initiatives. If you get a chance to meet with your MPs in the forthcoming election campaigns, tax cuts will be in the air. I am concerned that all the parties will fall over themselves promising you more tax cuts, thinking that is what everybody wants. It is the easy thing to say politically, particularly with surpluses. This is not a hard thing for politicians to say nowadays with a strong economy and booming revenues.

Welfare as social exclusion

Social assistance in this country, meant to be the social safety net, the program of last resort, unfortunately is the program of first resort for too many Canadians and far, far too many Canadians with disabilities. In my own province of British Columbia, the number of people with disabilities on the social assistance caseloads has tripled in the last ten years and as a proportion of the overall cases is now about 50 percent of the total beneficiaries or recipients of social assistance in British Columbia. In other provinces, it is even higher.

Social assistance is no longer really a form of social security. It is a form of social exclusion. It is a way of trapping

people, stigmatizing and segregating them. This is not the Canada I would like to live in. This is not the Canada many of the social policy advocates and people in this movement and others fought so hard for to have a decent safety net over the last 40 or 50 years. So if we want to talk about tax burdens that go back 50 years let us remind ourselves of the other struggles and journeys we have been part of over the 50 years.

The Action Plan

Let me comment on the Action Plan specifically. What I like about it is it is strategic. It has a basket of reform ideas, some are for the short term, and some quite frankly are pragmatic, incremental and modest. Others are more ambitious and recognize that it will take time to build consensus, not only within the movement, but within the broader Canadian population and most certainly within our major political parties.

We have a lot of work to do to educate political parties and I am not circling out any one of them. I am not just picking on this government. Mr. Dion in a statement a few weeks ago for the Liberal Party of Canada unveiled his poverty action plan. I'm sad to report no mention of Canadians with disabilities. Mentions of seniors, mention of children, mention of other groups. But, certainly, one of the groups with the highest rates of poverty in this country is absent from the Liberal vision. So, we have work to do. Even with those that we thought over the years were allies or sympathetic to the cause and issues.

Short term step: a refundable tax credit

Now in Government the question will be: among those short term first steps, five listed there, which is our first priority among those? My suggestion would be the first one listed--making the disability tax credit from a nonrefundable tax measure to a refundable tax measure that is genuinely of benefit to all Canadians qualifying for the program

regardless of income. And that it provides a cash benefit and not simply tax relief to those who have the incomes to afford the tax relief but genuinely becomes a new modest but nevertheless important addition to the Federal repertoire or menu of income measures.

Three or four of those first steps deal with people who are in the labour force but the first one, making the disability tax credit refundable—would provide benefits regardless of whether one was attached to the labor force or not. That's another reason for me. It might be the more attractive option to think about it in the first short term.

The last one on the list of short steps, Registered Disability Savings Plan, we heard the Minister of Human Resources and Social Development Canada, Monte Solberg, mention that this morning. Legislation on that will be going through this parliament assuming an election doesn't pop up unexpectedly in the next few months. That one I take as a given. I know that the Federal Government is in conversation with provincial and territorial governments on the concern that the benefit not be clawed back, a problem we have experienced in the past with other Federal initiatives. The reactive response of some provincial governments is to offset the benefit in other provincial benefits that people receive.

So, in the short term, actions steps that can be done readily, include converting the disability tax credit to refundable income benefits, a fairly straightforward reform and one we should push hard for.

Longer term steps: a new national income program and reinvestments in supports

On the long-term reforms here—we have some interesting ideas and propositions. In addition to arguing that the Federal Government should undertake a number of incremental or modest first steps in the first few years there

is a reference to a bolder vision of more substantial income security reform in the longer term. That gets back to my opening point that the road to a vastly expanded, good quality and sustainable system of disability-related supports in Canada will come about through a program similar to the Guaranteed Income Supplement or Old Age Securities program, some version of that that currently exists for seniors in Canada.

The basic idea is that all Canadians with some definition of a severe disability would be eligible for an income-tested benefit, delivered by the Federal Government, monthly indexed cheque. What this would do, is provide say \$16,000 to \$18,000 a year. This new program would include between 400,000 and 600,000 Canadians with a disability currently on provincial welfare programs. They would move off the provincial and territorial welfare programs, be eligible for, and receive this new Federal income support program for Canadians with disabilities of working age (18 to 64). That creates for the provinces a tremendous savings for them of somewhere between one and one and a half billion dollars a year.

Those savings, if re-invested in disability-related support across the territories and provinces, would be a massive injection of new monies into both expanding the existing supply but also the quality and accessibility. We would be able to tackle in a meaningful way such issues. Rural, remote, and northern communities are desperately in need of any kind of access to supports but also in urban centers. It would enhance mobility in all sorts of ways and give true meaning to home related supports, community living, and what the Prime Minister is interested in--facilitating labor force participation. That kind of re-investment would have the ability of then encouraging and enabling the five or six hundred thousand Canadians with disabilities who now currently are not in the labor force but would like to be. As Marie White, the President of Council of Canadians with

Disabilities has said, the affordable appropriate and accessible supports are not there to enable them to work even part time. Imagine the kind of unleashing of potential there.

Glorious opportunities

The final point I will make is that this major reform step fits very nicely with the constitution of Canada, our historical practice of social policy in this country, and current understanding of what the role of the Federal Government should be in relation to the provinces.

Therefore, if the Government of Canada is looking, as HRSDC Minister Solberg said, for “this glorious opportunity” of enabling greater labor force participation, here are half a million Canadians who are ready to work and want to work. They just need a small investment in disability-related support and services.