

**BRIEF TO THE HOUSE OF COMMONS
STANDING COMMITTEE ON FINANCE**

2006 PRE-BUDGET CONSULTATIONS

**SUBMITTED BY
CAMPAIGN AGAINST CHILD POVERTY**

2006 SEPTEMBER 5TH

AN EQUITY-BASED PRODUCTIVITY GROWTH MODEL FOR A CARING AND COMPETITIVE CANADA

The Campaign Against Child Poverty welcomes this opportunity to address the 2006 Federal Pre-budget Consultations.

I EXECUTIVE SUMMARY

We recognize the Committee's theme of "Canada's Place in a Competitive World" and intend to speak directly to it. In the introduction to the call for submissions, you state that our actions today must ensure that citizens and businesses must prosper - that citizens are healthy and skilled and businesses have a competitive tax regime.

We start, therefore, by emphasizing that the traditional economic debate of equity vs. efficiency is a false one and not a foundation for a Canada where citizens prosper, as well as businesses. Other market democracies have successfully achieved high levels of equity with efficiency, so we will be speaking to a model of productivity where both are complementary, and more importantly, essential to each other.

From our inception in 1998, the CACP has focused on the issues of child and family poverty in Canada: WHY does it continue despite the value that Canadians put on all citizens living 'out of poverty', and HOW can citizens and politicians of good will bring about a serious, meaningful reduction in child poverty over the next decade. We have already wasted two decades enjoying economic prosperity that we have not shared with all our children.

When members of the CACP speak to Cabinet Ministers, government committees, task forces, Canadians and the media, we promote action and policies that enhance the well being of our children, our community and our future. Our children's well being is a primary reason for governments to enhance and enable economic growth that produces a high level of social health as well as a strong GNP. (Please see Appendix A & B for more information on CACP work and for a list of CACP members.)

That is why we will present and recommend, in this brief and in our presentation to this Committee, a model of economic growth that combines equity and efficiency, that is already working in several countries with similar economies and politics to Canada's *and that is built on a method of taxation that raises the revenues required for reducing child and family poverty.*

The UNICEF Report Card No.6, Child Poverty in Rich Countries 2005, provides irrefutable evidence that countries with the political will and an equity-based economic growth model, can strengthen their social infrastructures, reduce child poverty and at the same time, enjoy a healthy GNP. Several countries have reduced child poverty to below 5%. Regrettably, Canada is not one of those.

The incidence of child poverty in Canada still sits at a shameful 14.9%, with 23.3% of those children living in deep poverty. This high rate of child poverty, in real terms, **means that we allow over one million of our children to grow up poor and disenfranchised.**

The 2005 UNICEF Report rated the 26 richest countries according to the proportion of their children who live in poverty – *these are children who do not have the opportunities that most of us would consider 'normal'.*

The countries were then ranked in order from the lowest rate down; i.e., the country at the top of the list, Finland, had the lowest proportion of children living in poverty - 2.8%! **Canada was well down the list with a poverty rate of 14.9%! – we were #19 in a list of only 26.**

Further, the section on Canada in the UNICEF Report is titled **Canada: Children Still Waiting** and begins: *In 1990, an all party resolution committed the Government of Canada to “seek to eliminate child poverty by the year 2000”. That promise has not been kept.*¹

The good news is that we can keep the promise. With political will, achievable targets and an economic growth model built on equity and efficiency, reducing child and family poverty in Canada is a very do-able goal – and a First Duty of all governments. *It is the fundamental responsibility of government to protect the vulnerable and to protect the future. Children are both.*²

¹ UNICEF Report: Child Poverty in Rich Countries 2005

² UNICEF Report: Child Poverty in Rich Countries 2005

II MULTIPLE PATHWAYS TO PROGRESS IN REDUCING CHILD POVERTY

Reducing child and family poverty requires “time-bound targets”³ and “a comprehensive, well-funded, multi-year, multi-jurisdictional plan”⁴.

For the Campaign Against Child Poverty, a successful child poverty reduction strategy must include three critical elements or pillars, **starting with a guaranteed income for all Canadians that ensures that we all live ‘out of poverty’**. From this, most of our social and community rights and needs can follow. By sufficiently funding affordable accessible early learning and childcare, and affordable stable housing, you can fulfill your goal of ensuring that Canada’s citizens – not just Canada’s businesses - prosper in a competitive Canada.

- 1. Living Wage Rates and Income Security should be recognized as key priority investments in a civil society.** This step involves cooperation with employers as well as government policy. The benefit to society is a workforce that is healthy, living ‘out of poverty’ and committed to their job and their community. Equally important, wages that lift the earner above the poverty line add an incentive for young people to stay in school and to take additional skills training.
- 2. Make Early Learning and Child Care facilities accessible, available and affordable in every region of our country.** This is one of the critical factors known to contribute to the low child/family poverty rates in the European countries that have reduced child poverty. The evidence is clear, irrefutable and repeated in every major global and national report on poverty.
- 3. Include Provisions for Affordable Housing in agreements with the Provinces, Territories, and Municipalities.** Canada’s vast geography means that shelter initiatives will be different across the country. Even so, every child and family, indeed every member of our society, should be housed adequately and have security - and stability - in their living arrangements.

³ UNICEF Report: Child Poverty in Rich Countries 2005

⁴ Campaign 2000’s Pathways to Progress 2004: Structural Solutions to Address Child Poverty

And income security must mean *good* jobs with wages that provide a standard of living where we all live ‘out of poverty’ – backed up by *employment insurance* and *social assistance programs* that provide the same.

A high level of productivity growth comes from *and with* a high level of social investment.

By way of example, we direct your attention to a recent study by Gord Cleveland and Michael Krashinsky (Department of Economics, University of Toronto): The Benefits and Costs of Good Child Care: The Economic Rationale for Public Investment in Young Children.⁵

Using traditional economic analysis, this study concludes that the development benefits to children in high quality early childhood education and child care programs and the benefits of employment to parents significantly exceed the costs. **Thus publicly-funded, high quality early childhood education and care would represent a prudent and productive use of scarce public funds.**

In fact, when benefits and costs are both accounted for, public expenditures on high quality child care generate at least a 2-for-1 return, producing \$2 in benefits for every \$1 in spending. For example, Ontario would have to spend only about \$2 billion to provide quality universal childcare for children aged two to five.

The Campaign Against Child Poverty recognizes that the social investments needed to reduce child and family poverty will be sizeable. Fortunately, the social economic benefits more than justify the costs – **and there are ways to raise the revenues needed.**

⁵ The Benefits of Good Child Care; University of Toronto Scarborough; Childcare Research and Resource Unit; 1998

III A PRODUCTIVITY GROWTH MODEL THAT RAISES THE REVENUES REQUIRED

Raising the revenues needed for a high level of social investment demands a productivity growth model where equity and efficiency are complementary elements. A narrowly defined model – especially a low tax/low wage model – will fail as badly here as it is failing now in the United States. The States has *growth without equity*, and therefore, does not raise sufficient revenues to reduce the poverty of its citizens. Further, their ‘low wage’ economy does not lead to *good jobs*, affordable housing or funds for social investment in health and education.⁶

If Canada continues down this same road, producing *growth without equity*, we too will never reduce child poverty or create the social well being we say we value. We need to refer to the countries that use an equity-based growth model that provides a high level of social health and security for its citizens, young and old; and at the same time, produces a strong GNP. We need to introduce a model of productivity growth that leads us to the Canada we can be proud of – a Canada where all of us live ‘out of poverty’ and our children have real equality of opportunity.

With respect to a method of taxation that supports an equity-based productivity growth model, we would direct your attention to a very positive new Working Paper (#7) - Taxing Smarter for Prosperity - issued by The Institute for Competitiveness and Prosperity.⁷ The analysis in this paper points us in the direction of Smart Taxation, as opposed to the more narrowly configured Competitive Taxation. And it also identifies Sweden – which has a low rate of child poverty and a high GNP – as a good example of a country that is successfully using a method of Smart Taxation.

Shifting to such a tax regime would mean a serious re-configuration of our tax system; however, again, **the social economic benefits would far outweigh the costs.**

⁶ **The USA is 23rd on the list of the 24 richest countries, with a child poverty level of 22%.** (UNICEF Report: Child Poverty in Rich Countries 2005)

⁷ Taxing Smarter for Prosperity; Working Paper #7; Roger Martin (Dean of Rotman School of Management, University of Toronto and Chairman for this Paper); The Institute for Competitiveness and Prosperity; March 2005

IV The Challenge and the Opportunity for the Standing Committee

There are steps we can take as politicians and as citizens to start Canada on a pathway that leads us to the Canada we want – a Canada where no child grows up in poverty and every citizen enjoys a high level of social well being. This is the challenge and the opportunity for all of us, and it goes beyond affiliations of any nature.

- ❖ **ACHIEVABLE TARGETS:** The reduction of child poverty is a primary obligation of the government – **and setting achievable targets for the life of a government – every four years - is the first essential step.** The countries that have reduced child poverty to below 5% have ALL used benchmarks and targets.

We strongly recommend that this government set a target of 9.9% for 2010 – this would make 2010 an Olympic year for Canada and an Olympic year for Canada’s children.

- ❖ **A PRODUCTIVITY GROWTH MODEL WHERE EQUITY AND EFFICIENCY ARE COMPLEMENTARY** is a do-able goal for Canada. Such *growth with equity* models are already working successfully in several countries around the world, countries with economies and politics similar to Canada’s.
- ❖ **A FAIR METHOD OF TAXING** such as Smart Taxation is also already working successfully in countries like Sweden, and deserves our serious attention as a guide for re-configuring Canada’s taxation regime. *We recommend an exchange of information with countries like Sweden, to gain insight into their methods of taxation that achieve a high level of government revenue that supports, in turn, a high level of social investment.*

The CACP has brought the issue of child and family poverty forward to these pre-budget consultations every year because we understand the important role – and responsibility - our federal representatives have in setting priorities *through the annual federal budget.*

You can ensure that recommendations with value and potential are identified and reflected in the budget statements and priorities, and you can do it both as an individual and as a Committee member.

The next generation is our country's future; investments now will reap substantial rewards in 20 years time. *We are asking all elected officials to think beyond their mandate and care beyond their party.*

You invited us to comment on 'Canada's Place in a Competitive World'. Our clear message is a simple one: **(1) set targets for significantly reducing child and family poverty in Canada from 14.9% to 9.9% by 2010; and (2) direct significant and sufficient resources to the health, growth, education, care and well being of children and youth so that it happens.**

We will all gain a stable, healthy society where living 'out of poverty' is the norm, and all citizens truly prosper.

Canada's present richness exists not only in natural resources, but also in our diverse population. From coast to coast to coast we have a people who speak many different languages, who can join together in schools, workplaces, and communities with harmony that will be a model for the world. With maturity and confidence, the young people of today's Canada can become the global business class, the peacemakers and diplomats, the educators, artists, journalists, scientists, and technicians of tomorrow.

Today Canada offers the world a country with a vibrant and productive multicultural population. A country which multi-national companies choose as a good place to do business, as evidenced by the recent decisions of major corporations to open or substantially upgrade plants in Canada.

Tomorrow we want to offer the world a country with a low level of poverty and a high level of well being, where growth and equity live together. **We want this Standing Committee on Finance to note our passionate concern for assistance to the youngest members of our society as the First Duty of Government. We ask you to make your recommendations accordingly.**

On behalf of the Campaign Against Child Poverty, thank you for this opportunity to present these recommendations for action. We look forward to discussing them with you when we present.

WE'RE UNITED FOR A CHANGE. CAMPAIGN AGAINST CHILD POVERTY



WHO WE ARE:

The Campaign Against Child Poverty is a national, non-partisan coalition of citizens from faith-groups, social justice groups, charities, child welfare organizations and others concerned about the unacceptably high levels of child and family poverty in Canada. We are also concerned about the hazards to the future educational, social, physical, developmental and employment success of those children presently living in poor families.

We are affiliated with no political party, and our only special interest is to reduce the numbers of poor children in Canada. We are funded by private citizens across Canada, by foundations, faith communities and NGO's, all of whom share our vision of a poverty-free country.

Partner organizations of the CACP and members of the Steering Committee include: Anglican Diocese of Toronto, B'nai Brith Canada, Campaign 2000, Canadian Association of Food Banks, Canadian Association of Social Workers, Canadian Catholic Religious Conference of Ontario, Canadian Council for Reform Judaism, Canadian Feed the Children, Catholic Children's Aid Society, Citizens for Public Justice, Family Service Association of Greater Toronto, Hindu Dharma Mission (Canada), Hope for Children Foundation, Jewish Family and Child Services, MAZON Canada, Pickering Islamic Centre, The United Church of Canada, United Way of Greater Toronto, the Urban Alliance on Race Relations.

Members of the Steering Committee, Campaign Against Child Poverty:

Co-Chair - Rabbi Arthur Bielfeld, Rabbi Emeritus, Temple Emanu-El, Toronto

Co-Chair - June Callwood, C.C., O.Ont.

Javed Akbar, Director of Outreach, Pickering Islamic Centre

Beth Bruder, Dundurn Press

Ron Chapman, President, Brandworks International Inc.

John Courtneidge

Caroline Di Giovanni, Past Executive Director, Hope for Children Foundation.

Cheryl Englander, Canadian Council for Reform Judaism

Ted Glover, Representative from the Anglican Diocese of Toronto

Paul E. Hansen C.Ss.R. Representative for Canadian Religious Conference

Peter Harris, Rep, Anglican Diocese Toronto; Past ED, Christian Children's Fund of Canada.

Professor Roger Hyman, Past Chair, MAZON Canada.

Greg de Groot Magetti, Citizens for Public Justice

Fiona Nelson

Professor Marvyn Novick

The Rev. Dr. Lillian Perigoe, Representative from The United Church of Canada

Ahilia Persad, Hindu Dharma Mission (Canada)

Walter Pitman, O.C., O.Ont.

Elizabeth Plashkes

Simon Rosenblum, public policy analyst/writer; former Chief of Staff to Ont. Min. of Finance

Laurel Rothman, National Coordinator, Campaign 2000; Director of Social Action, FSA Tor

Barney Savage, the United Way of Greater Toronto

Charles Seiden, Executive Director, Canadian Association of Food Banks

Norman Tobias

Gerald Vandezande, C.M.

Linda Palmer Nye – CACP Executive Coordinator



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WHAT WE DO:

Public Education

We educate the public about the facts of child and family poverty (see below: “Why We Do It”). The CACP believes that informed public discussion about the facts and implications of child poverty in Canada will lead to the focus on social policy needs that will help all levels of government meet their stated commitments to end child poverty.

Our national public education program is based in part on a long-term media campaign to make the facts public; such a campaign also demonstrates both to the government and to the public the support by key groups for public policy positions that would have a favourable impact on family and child poverty.

Newspaper advertisements have been sponsored, for example, by individuals, by CEO's of major Canadian corporations, by Companions of the Order of Canada, by leaders of Canada's faith communities, and by major Canadian newspapers.

Such a public education program also demonstrates to government the strong base of public support for its clear commitment end child poverty.

Professional Advice

Through the professional consultants in our partner organizations, we respond to the requests of various levels of government and their ministries for expert advice on all aspects of child and family poverty. In the past four years we have met with the federal Ministers of Health, Finance, and Human Resources, numerous provincial Ministers, Members of Parliament, and senior civil servants in a number of relevant ministries.

We work with government ministries and cabinet ministers to help them implement their public policy commitments in a practical and timely fashion, and in a manner consistent with our policy benchmarks, indicated below.

Social Dialogue

We respond to the desires of various groups in the community, including the corporate community, to become more actively involved in helping to increase public awareness about child and family poverty, and in supporting government efforts to deal with poverty-related issues.

For further information, please contact 416-595-9230 x 222