

Ontario: Growing numbers of “working poor”

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Ontario, Canada's most populous and industrialized province, has been ravaged by the world recession. Between October and February, the province's unemployment rate leaped 2 percentage points to 8.7 percent, as tens of thousands of jobs in manufacturing and transportation were eliminated.

But even before the eruption of the world financial crisis and under conditions where Ontario was experiencing relatively rapid economic growth, working people's living standards were stagnating, and hundreds of thousands, including one child and youth in every nine, were forced to live in poverty.

Moreover, those living in poverty were generally extremely poor. According to the liberal antipoverty group *Ontario Campaign 2000*, an analysis of data from 2006 showed that the average poor family's income fell C\$7,100 below the government-defined poverty line. As a result, food bank use rose by more than 14 percent between 2001, a recession year, and 2006, a year of substantial economic growth. In 2007, 318,000 Ontarians, including 123,000 children, relied on assistance from food banks.

The punitive changes in welfare rates and policy made by the Ontario Conservative government of Mike Harris in 1995-1996—changes the trade union-supported Liberal government of Dalton McGuinty have largely left in place—condemn those receiving social assistance or welfare in Ontario to a Victorian-type existence of meager stipends, means-tests, and bureaucratic harassment. To receive welfare in Ontario, individuals must be destitute and must have first liquidated virtually all their assets, including any Registered Retirement Savings (RRSPs). The only assets they are allowed to have are a house, its furnishings, a car (but only if it is valued at less than C\$10,000), and a tiny amount of savings. Single persons are allowed to have \$500 in savings and a single mother with two children C\$2,000.

The poor, however, are not only made up of welfare recipients. Many of those living in poverty have one or more family members working full-time. Forty-five percent of

children living in poverty have at least one parent working full-time, year-round, reported *Ontario Campaign 2000* in its annual poverty report card for 2008. And 70 percent of all poor families have parents working at full- or part-time jobs.

Further light on the plight of the working poor is shed by a recent Canadian Centre for Policy Alternatives (CCPA) report titled *A Living Wage for Toronto*. It concludes that a single-parent-child family living in Toronto needs a total disposable (after tax) income of C\$31,400 per year to attain a sustainable living. This is equivalent to a wage of C\$16.15 an hour, on the assumption that the parent is working full-time, year-round. The report states, "That is the wage level required to meet a basic standard of living that allows for good health, education and entertainment opportunities, and full participation in modern life."

In measuring poverty, governments and poverty groups employ a standard called the "low-income cut-off" to designate those whose are forced to spend a 20 percent greater share of their income on food, shelter and clothing than the average. The current after-tax low-income cut-off for a single-parent-child family living in an urban area is an annual income of just C\$21,000.

With Ontario's minimum wage currently a paltry C\$8.75 an hour or C\$18,200 a year (before taxes and assuming a 40-hour workweek), many workers' incomes fall substantially below the low-income cut-off, let alone the "living wage" described in the CCPA report.

In 2007, 17.4 percent of Ontario jobs paid C\$10 an hour or less. In fact, over the last decade, the number of jobs in Ontario paying less than C\$10 an hour has increased.

Under the Harris Conservative government and for most of the first term of its Liberal successor, Ontario's minimum wage was essentially frozen, resulting in a rapid erosion of its real value. In the run-up to the 2007 provincial election, the Liberals announced a plan to increase the minimum wage to C\$10.25 per hour by April 2010 in 75 cent increments.

When this plan is fully implemented next year, the real

value of the minimum wage will be about what it was in the 1970s. Those earning this princely sum will have a before-tax annual income of just C\$21,320 (assuming they work 40 hours per week year-round). If they have a child, their income will fall under the low-income cut-off, but by any objective measure they will be living in hardship. As the CCPA report observed, "There's a big difference between having enough to survive—and Ontario's minimum wage doesn't even do that—and having enough to participate in the life of the community."

While many are struggling to survive on poverty wages and social assistance benefits that have been specifically designed to ensure that recipients are in dire need and thus "motivated" to seek work, there has been a huge growth in the pay of those at other end of the social spectrum. In 2007, Canada's 100 best-paid CEOs tallied C\$1 billion in earnings—a historical first according to a CCPA report titled "Banner Year for Canada's CEOs."

The report found that the average top-100 CEO received C\$10 million in earnings, up 22 percent from the 2006 average pay of C\$8.5 million average. Rapidly rising CEO compensation is a long-term trend. In 1998, the average top-100 CEO received a salary 104 times that of the average worker. In 2007, the average CEO took home 259 times the pay of the average worker.

The report states, "By just after noon on New Years' Day, the highest paid 100 CEOs would have pocketed what takes the minimum wage earner the entire year to earn."

These measurements of wages do not even include corporate bonuses, golden parachutes and other such mechanisms used by the ultra-wealthy to increase their personal enrichment.

Ontario's "plan" to reduce child poverty

The McGuinty Liberal government came to office in 2003 with the explicit support of the Canadian Auto Workers (CAW) and teachers' unions and implicit support from the labor bureaucracy as a whole. But while McGuinty appealed to popular anger with the Harris Conservatives, his government left in place the key elements of the Tory Common Sense Revolution, including tax cuts skewed to enrich the most affluent social layers and the punitive cuts to welfare. As a result, Ontario, home to Canada's financial elite and one of the provinces with the highest per capita incomes, has among the country's highest provincial poverty rates.

With the approach of the 2007 elections and after five

years of significant economic expansion, the Liberals sought to burnish their threadbare progressive credentials by following the lead of other provinces and creating a provincial child benefit. The benefit, which came into effect only in July 2008, provides low-income families with a stipend of up to C\$50 per month or C\$600 per year, per child. More recently and not without considerable reticence, the McGuinty government announced that it has formally adopted the goal advocated by various liberal anti-poverty groups of "25 in 5"—that is, of reducing the ranks of Ontario's poor by 25 percent in five years.

By reducing poverty, the Liberals only mean bringing incomes above the miserable "low-income cut-off." But they have given ample warning that even this target is not "hard," insisting that it can't be accomplished without federal government help and must be subordinate to the overriding objectives of eliminating Ontario's burgeoning "structural deficit" and ensuring the province's "competitive" position.

Last Friday, less than a week before the Liberals are to deliver a crisis provincial budget, McGuinty announced two new anti-poverty measures. As part of the government's economic stimulus measures, the maximum allowable monthly Ontario child benefit will be increased by C\$42 this July, rather than in 2011, and the government will contribute C\$620 million to renovating 50,000 social housing units and building 4,500 more.

There are currently 125,000 Ontario families waiting for social housing.

No one should harbor any illusion as to the impending fate of the Liberals' "25 in 5" target. The entire political establishment, the social-democratic NDP included, treats the economic crisis like a natural disaster and bows before the layoffs and plant closures dictated by the capitalist market, thus accepting a new surge in the ranks of the poor. For its part, the business elite is already pressing the government to outline an austerity plan to put a quick end to the large budget deficits projected for this year and next. During the last slump, the social-democratic government of Bob Rae, a government the Liberals denounced for being "radically left," imposed massive social spending cuts, including effectively eliminating the social housing budget, pioneered workfare, and slashed public sector jobs and pay. Meanwhile, the ranks of the poor swelled dramatically.



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