Are People no Money?

or below the poverty line. A decade ago, this came to $1500 for a single person, $2500 for a two-person family, $3000 for three persons, $3500 for four persons and $4000 for a family of five or more.

However, no agency in Canada maintains a regular survey of spending patterns that would enable the ECC to keep the poverty line abreast of the average standard of living. So the council and the Dominion Bureau of Statistics were forced to fall back on the Consumer Price Index.

This means that the living standard that the 1961 poverty line represents is kept frozen, and only adjusted for increases in the *cost* of living. (The cost-of-living index merely tells you what the same basket of goods costs over a period of time. It gives no indication of the real growth in the *standard* of living after rising prices have been accounted for in the growth of incomes.) As a result, the ECC poverty line does not rise with the general standard of living and so violates its original concept, that of poverty as relative to the standard of living enjoyed by society as a whole. In other words, *the ECC poverty line has automatic obsolescence built into it, and denies the relevance of the concept of inequality that is fundamental to a relative poverty line.*

Once this interior contradiction is understood, it is exasperating to watch the enthusiasm of the press in its use of the ECC poverty line to show how many people moved out of poverty during the year. This, of course, is one extremely dangerous consequence of the semi-official acceptance of this particular poverty line. Because it is static it creates the illusion that, as incomes alone rise, poverty is disappearing on its own. This sort of reasoning led the Dominion Bureau of Statistics to say:

> In the years from 1961 to 1967 there has been a gradual decrease in the incidence of low income for non-farm families, and for unattached individuals between 1963 and 1965.

And more recently to add:

> The preliminary estimates for 1969 incomes indicate that the incidence of low income among families decreased from 18.6 in 1967 to 17.13 percent in 1969. Although the number of total families increased by 7.6 percent (an addition of almost 344,000 families) over the 2 years, the number of low-income families increased hardly at all (842,000 in 1969 compared to 840,000 in 1967.)

This, interestingly enough, happened during a period when, first, there was no talk and no action about anti-poverty programs and, subsequently, a lot of talk but still not action. Of course the suggestion that poverty, according to the illusory ECC line, is going away all by itself is ludicrous. The same proportion of the poulation is remaining in the same state of relative deprivation as long as the distribution of money does not change. And as the population as a whole grows, so does the number of the poor.

There are two other objections to the ECC poverty line: The first is that it does not make any allowance for living costs of the sixth and subsequent members of large families. No explanation has been given. Presumably the decision to go no further is a matter of statistical convenience, or perhaps it is even the manifestation of a middleclass prejudice against large families.

The second is the deceptive air of technical objectivity about the ECC poverty line, designed, it seems, to hoodwink the uniformed. The council has buried at a deep technical level what is really nothing more than an arbitrary decision on the part of some researcher to say that if a family were spending seventy per cent of its income on basic essentials, it would be living in poverty. There is simply no logical or statistical evidence to support such a conclusion.

To be born in Canada is not necessarily to be born equal to all other Canadians. And to be born in the wrong place in Canada, to the wrong parents, into the wrong race, is almost certainly to be introduced into a life of endless humiliation and mindless drudgery.

Most Canadians would agree that the children of the rich have an easier time of it, perhaps, in terms of schooling and security. But, at the same time, most Canadians would agree that to be the son of a poor man is not necessarily, or even probably, to be locked into poverty; that nobody, after all, has to be poor if he is willing to work; that in the end, affluence is a matter of effort and character. One recent survey discovered that about half of all Canadians think that poverty is self-imposed. In other words, poverty is not something that happens to the poor; the poor, in their perversity, *choose* to lead lives of desperation and sorrow.

The poor know that they have very little choice in any part of their lives, and none at all in the determination of their standard of living. But the affluent retain their faith in the fairness of the Canadian economy, which has, after all, been more than fair to them.

The conviction that the economy is competitive, that it rewards equally for equal amounts of talent and drive, grew out of a strong faith in the individual, which reached its flowering in the last century. Individualism, in the main, was a reaction to feudalism, and maintained that economic freedom - which feudalism did not provide - was an absolute prerequisite to personal freedom and national prosperity. In North America, the frontier provided an opportunity to exercise that freedom; and so faith in individualism, and the freedom of the market, was ingrained in the American and Canadian characters.

This view of life has persisted, almost in the form of a mass religion, well into the twentieth century. It has needed only minor adjustments. As the frontiers disappeared, the race evolved from a race for land into a race for skills; and the government evolved into a kind of umpire, providing skills and knowledge to the best of each generation, according to their ability and initiative.

This faith in competition between individuals shaped the whole of economic theory of the nineteenth and early twentieth centuries. Traditional economists assumed that men pursued material wealth as hard as they could, and that the best thing a government could do was to stay out of their way - in other words, that a market that allowed as much competition as possible was the best kind of market for everyone. Supply and demand would be regulated by changes in prices; and everyone would be reasonably happy.

The Great Depression of the 1930's indicated that a lost of this was wishful thinking. The untrammelled free-enterprise economy obviously had not kept supply and demand in balance, but instead had produced a lot of unemployment. Prodded by the disciples of British economist John Maynard Keynes, governments were forced to stop running their budgets like small-town druggists and to start taking a hand in the regulation of the economy.

But only to a point. After Keynes, a "neo-classical synthesis" took hold. This theory accommodated itself to the need for government to balance the ecomony -- essestially, to act as a benign overseer to make sure that prices and employment levels stayed reasonably stable -- but advised that government leave the rest of the economy to look after itself. Government was not encouraged to do anything to maintain a balance between various markets within the economy; that is, government was to stay strictly away from any attempt to balance demand for various goods, services, raw materials, machines or types of workers (except, lately, for supplementary efforts in the areas of manpower and regional development).

The policy of letting the economy look after itself (except in times of inflation or unemployment) was assumed to be best for everybody, including the workers. For competition was supposed to act as an equalizer, as far as wages were concerned.

Workers, ran the theory, will constantly pursue better jobs with higher wages; the employers with the better jobs, reacting to the rush of applications, will tend to push their wages down, and therefore will have no particular inclination to install machinery when low-wage workers can do the same job more cheaply.

The employers with the low-wage jobs, on the other hand, will find that nobody really wants to work for them, and will have to raise their wages in order to compete for workers (and perhaps, install machinery to economize on the high-priced help).

At the same time, employers will tend to move their plants (or whatever) to areas where low wage rates are usual; and they will design their plants to make the most use of low-wage workers, and economize on high-wage workers. That process boosts the demand for people to fill low-wage jobs, and so will tend to raise the wages for those jobs; people who specialize in high-wage jobs will find that a lot of their jobs have been mechanized away from them, and will cut their

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understand poverty? After all, for him as servants

it was like to be poor, an indignant denunciation of the inadequacies of the current welfare system, followed by a call for a guaranteed annual income. He certainly did not want to tell the people why they were poor."

Whether he wanted to or not, he certainly didn't.

The Croll report inspires anger, though perhaps not in the direction that its authors would like, for the anger is directed at them. It is reminiscent of the type of speech that a conscience-stricken Carnegie would give to the local Kiwanis club. It is both paternalistic and abstracted from the reality around it. It takes poverty out of the larger social context, and examines it in isolation under a microscope without looking at those other things that affect it. To discuss poverty it is also necessary to look at wealth, why such a few have so much while four and a half million Canadians (one quarter of the population) have next to nothing in comparison.

According to the report, "The root of the problem of poverty lies in the set of assumptions or myths that we hold on how our society and economy operates." In other words, the problem will be solved when people change their minds about the myths they now believe and cease to look down on the poor for being poor. This will be easier to do when or if the poor get the guaranteed annual income. Then they will be practically invisible and therefore easier to forget.

Could it be that this is the whole idea of the exercise??

"No, no," says the report, "for that is a 'radical' approach and we have rejected it." According to the Committee report, "The radical approach is based on the theory that the disadvantaged position of the poor is maintained by an 'establishment' which prevents meaningful distribution of resources. The elimination of poverty, according to this theory, involves a frontal attack on the whole social, economic, and political structure. This approach would destroy what now exists and build a bright new world on its ruins...While acknowledging that our problems are series...the committee rejected the radical solution on the grounds that it offers no meaningful or practical alternative."

Accordingly, the Committee took a "pragmatic" approach to the problem, which does not require radical (or any) changes in the economic system. It is only necessary not to look down on the poor and declare a new poverty line. So basically the approach is either to write about poverty and hope it will go away, or change the whole system as the "radicals" demand.

On that level it therefore becomes necessary to examine the system and decide which approach will work. The Committee did show how the system treats four and one half million people and decided that poverty must be eliminated (not a startling discovery).

But to call the report weak, with the implication that it could be imporved would be to miss the point. There are very sound reasons why the report is written the way it is, and ultimately why the report could not have assumed any other form.

All the members of the committee are senators coming from very comfortable baskgrounds. None are poor; all are businessmen, doctors, or lawyers or the son and daughters of businessmen, doctors, or lawyers, hence part of an establishment (which they do not think exists). Their backgrounds place them in the top one fifth of the population and their incomes keep them there. This top fifth receives almost forty per cent of the total net income in Canada (the poorest firth receives about seven per cent of the total net income). Some of the senators may be in the top five per cent of the population which receives about fifteen per cent of the total net income. That means that their salaries or incomes are at least $25,000 to $30,000 a year while the incomes of the poorest twenty per cent range from $2,500 to $3,000, o about one tenth of that. Between 1951 and 1969, the top twenty per cent increased its income by more than the bottom twenty per cent earned as total income.

If the net income were distributed evenly among the Canadian population, on the other hand, it has been estimated that families and unattached individuals would make $7900 each, substantially higher than the Committee's poverty line. And while the country became more prosperous from 1961 to 1970 (ie, the Gross National Product rose from 39 to 84 billion dollars) unemployment was not correspondingly reduced. Rather, in 1971 it was the highest in ten years, with up and down periods in between.

But somebody is benefitting from the increased prosperity of the country. It isn't the poor or the unemployed who are the first to suffer when the businessmen in the government make mistakes.

The marshmallow Poverty Report might have pointed out this contradiction except for one very good reason. Senator Chesley W. Carter, a member of the committee admitted that if every working person in Canada knew and understood what the inequality of income and wealth meant and its economic implications for them and their children, there would be a revolution in this country.

by Frank Abbott,
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