



CCPA
 CANADIAN CENTRE
 for POLICY ALTERNATIVES
 MANITOBA OFFICE

RESEARCH • ANALYSIS • SOLUTIONS

FAST FACTS

December 13, 2011

Connecting the Dots: The OECD Report on Poverty and Winnipeg’s Inner City

There has been much progress in addressing the issues facing Winnipeg’s inner city in recent years, but there remain many challenges. This reality frustrates no one more than those individuals working on the front lines with people who continue to be deeply affected by poverty.

Many people have committed their lives to improving the inner city, some for decades. It deeply saddens them to see that in spite of their best efforts, life seems to be worse for many individuals and families than it was thirty years ago. But they also recognize that their efforts can only go so far. They know that what happens in the broader social and political context has implications for individuals and families. They know that what is most needed right now is a significant change in public policy, beginning with a commitment by governments to invest in people sufficiently and over the long term.

The situation sometimes feels hopeless yet people remain hopeful. Most recently that hope comes through the rise in attention being paid to the growing poverty and inequality in Canada.

The Occupy movement can be credited for much of the recent attention but it is the data being released by mainstream institutions and ‘think tanks’ that have made it politically acceptable

to challenge the dismal reality. Most recent is the Organization for Economic Cooperation and Development (OECD) report *Divided We Stand: Why Inequality Keeps Rising* (Dec. 2011). It shines a spotlight on the growing inequality in OECD countries, including Canada, which is shown to have income inequality above the OECD average.

This simply confirms what we have known for quite some time, but it is particularly significant coming from the OECD. The findings suggest a general recognition that significant change is in order. The OECD appears to be realizing, just as inner city workers are, that economic policies are at the root of the problem. The report acknowledges that the policies that have given us an increasingly low-wage economy, inequitable tax policies and a shrinking social safety net are not serving us well.

For the OECD, this is a major shift in thinking. The OECD was an early proponent of neoliberal economic theory as the guiding force for current economic policy around the world. Neoliberal policies that emphasize smaller government and the efficiency of an unregulated economy were championed as the solution to the international economic woes the world encountered in the 1970s. Neoliberalism was supposed to make the world a better place for us all.



CCPA
 CANADIAN CENTRE
 for POLICY ALTERNATIVES
 MANITOBA OFFICE

309 - 323 Portage Avenue
 Winnipeg, MB R3B 2C1
 T 204.927.3200 F 204.927.3201
 ccpamb@policyalternatives.ca
 www.policyalternatives.ca

The *Fast Facts* are produced and distributed free via email. They can be reproduced as an OpEd or opinion piece without obtaining further permission, provided they are not edited, and full credit is given to both the author and the source, CCPA-MB. Please contact CCPA-MB today to begin your free subscription.

FAST FACTS continued ...

One example of how the OECD set the stage for the current policy direction can be found in the 1994 *Jobs Study*. This study became a framework for social and economic policy in many countries, including Canada. Among the recommendations were a series of labour market policy reforms that would theoretically improve the economy by allowing the labour market to self-regulate. This translated into a series of federal and provincial policy measures that effectively reduced opportunity for many people, particularly those most socially and economically marginalized.

The OECD Jobs study had a significant influence on policy reforms in Canada through the 1990s, many of which were first outlined in the Liberal government's 1994 policy paper *Agenda, Jobs and Growth*. This document provided the template for a restructuring of social policy in Canada throughout the 1990s – a template that continues to guide policy today.

So what does this have to do with the inner city?

As we outline in the 2011 State of the Inner City Report, *Neoliberalism: What a Difference a Theory Makes*, the policy framework that is now deeply imbedded in Canada has created a host of problems for people living in poverty, many of whom live in Winnipeg's inner city.

The recent OECD report confirms this. Not only does it show the rise in poverty, it concludes that "Canada spends less on cash benefits such as unemployment benefits and family benefits than most OECD countries. Partly as a result, taxes and transfers do not reduce inequality by as much as in many other countries. Furthermore, their effect on inequality has been declining over time."

It also concludes that: "publicly provided services fulfill an important direct redistributive role" and that the scaling back of employment protection, something that the *Jobs Study* advocated for "had an overall disequalizing effect."

The OECD report leaves us with hope because it demonstrates that we need to rethink neoliberal economic theory.

We are at a turning point. We can stay the course in spite of the evidence that neoliberalism isn't working for most people. Or, we can admit as much and begin a process of reversing the damage done. As recommended by the OECD, this will require that we return to a more equitable taxation and redistribution model, and invest in education and social programs.

A very small percentage of the population has benefitted from neoliberal economic policies. However, their voices remain strong as evidenced by their latest mantra—*austerity*.

But inner city activists have seen the impact of 'austerity'. It doesn't work. They call for greater investment in people. More specifically for adequate income supports, more low-cost housing, and long-term investment in education from early years upward to ensure that those most marginalized are provided with every possible opportunity to escape poverty.

It's not a new call to action. The hope is that this time, governments will listen.

Shauna MacKinnon is the director of the Canadian Centre for Policy Alternatives-Manitoba



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
MANITOBA OFFICE

309 - 323 Portage Avenue
Winnipeg, MB R3B 2C1
T 204.927.3200 F 204.927.3201
ccpamb@policyalternatives.ca
www.policyalternatives.ca

The *Fast Facts* are produced and distributed free via email. They can be reproduced as an OpEd or opinion piece without obtaining further permission, provided they are not edited, and full credit is given to both the author and the source, CCPA-MB. Please contact CCPA-MB today to begin your free subscription.