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OpEd

Lone-parent poverty:

Canadian social policy can still do better
Ours is far from 'the best of all possible worlds'

June 29, 2010, Globe and Mail – John Richards

INDEPENDENT • REASONED • RELEVANT

From 1996 to 2007, the low income cut-off poverty rate – Statistics Canada's standard poverty threshold – among the two million Canadians living in lone-parent families fell by more than half, from nearly 50 per cent to just over 20 per cent. Much of this success is due to social policy. So what did Ottawa and the provinces do right?

In the mid-1990s, most provinces adopted "tough love" initiatives that rendered welfare access much more difficult for those classified as employable, a category including most single parents. Welfare access was denied to some who should have received it, but, overall, the result was a dramatic rise in employment among lone-parent families and a $15,000 increase in average lone-parent earnings over the 11 years.

Accompanying the "tough love" was a series of "soft love" initiatives intended to provide benefits to working parents – such as better support for child care and the national child benefit supplement. This operates as a modest negative income tax for low-income families with children.

Have governments been right to push single parents into the labour force? Yes.

First, market income provides families with independence from the vagaries of regulations around government transfer programs. Working full-time, even at low wages, puts an adult without children above the LICO poverty threshold. Second, the role-model effect of a working parent increases the probability that children complete high school and avoid teenaged pregnancy, two strong indicators of intergenerational escape from poverty.

For the first time in history, the poor are more obese than the rich, at least in industrialized countries. Employment induces a more active lifestyle. Accordingly, employment contributes to a reduction in lifestyle diseases linked to obesity, such as adult-onset diabetes. Finally, prolonged unemployment and dependence on transfer income is associated with depression and self-destructive behaviour, including suicide.

The state of the economy gets some credit for the lower poverty rates. How much? One way to answer is to compare the decline in lone-parent poverty since 1996 with the decline in the boom years of the late 1980s, a time when welfare access was much easier and in-work benefits less generous. A percentage point rise in employment rate in the last decade had more than twice the impact on reducing poverty than in the 1980s.

Welfare-to-work programs have been successful in the case of lone-parent families and, since the mid-1990s, the percentage of Canadians receiving provincial welfare has declined by half – returning to levels prevailing in the 1970s. But Canada is far from "the best of all possible worlds."

The Organization for Economic Co-operation and Development, the club of wealthy industrial countries, recently reported on poverty rates across member countries. In international comparisons, a country's poverty rate is usually defined as the fraction of the population with incomes below 50 per cent of the typical (median) income. By this measure, Canada's poverty rate in the mid-2000s was 12.5 per cent, two points above the midpoint among OECD countries.

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Unfortunately, further reductions in Canadian poverty are likely to be more complex than welfare-to-work programming.

In many provinces, most welfare recipients are no longer "employables"; they are "persons with disabilities." A high-profile category is the urban homeless, most of whom combine some form of mental illness with abuse of drugs or alcohol. Here, effective policy requires provision of housing and expensive services.

The long-term goal of social policy is to reduce the numbers in at-risk groups. The lone-parent family poverty rate has fallen, but is still four times that among two-parent families with children. Reducing the number of such families means addressing the context leading to pregnancy among young women with few economic resources and no stable partner.

A related cause of poverty is dropping out of school. Based on the 2006 census, adults without high-school certification are roughly 50 per cent more likely than those with high school, and twice as likely as those with a trades certificate, to report a below-LICO income. Across Canada, there are too many young Canadians (20 to 24) who have not finished high school – nearly 20 per cent among francophone Quebec men, nearly 50 per cent among aboriginals.

Canadian social policy has done some things right, but there's a lot more to do.

John Richards is a fellow at the C.D. Howe Institute. His paper Reducing Lone Parent Poverty is available at ***www.cdhowe.org.***