

Common Front for Social Justice Strategy 2000-2005

Breaking the Vicious Circle of Impoverishment to Attain Lasting Development in New Brunswick

Throughout the year 2000, a provincial and several regional forums of the Common Front for Social Justice revealed the extent of a process that touches numerous segments of the population of New Brunswick: its impoverishment throughout the 80's and 90's.

Following these forums, a working document on the search for solutions was widely discussed and submitted for consultation to individual members and member groups making up the New Brunswick Common Front for Social Justice.

This document presents a synthesis of these discussions and the priorities of the Common Front for Social Justice.

Part 1: The Facts

- If policies at the base of economic growth of the end of the 20th century in Canada and in New Brunswick are maintained in the 21st century, more and more New-Brunswickers will know increasing impoverishment.
- The only immediate way to break the vicious circle of impoverishment of the majority is the establishment of policies that ensure the decent treatment of the less fortunate.

Part 2: Priorities of the Common Front for Social Justice:

- 1. A decent minimum for income assistance.**
- 2. The respect of decent minimum employment standards, including pay equity.**
- 3. Decent coverage of periods of unemployment.**

The Facts

POLICIES OF THE 80's AND 90's SERVED PRIVATE ENTERPRISE VERY WELL.

It is a secret to no one that the 80's and 90's were hard for many Canadians. Yet, during this period Canada saw tremendous economic growth. Between 1984 and 1998, according to Statistics Canada, overall wealth in the country increased in real terms (but for inflation) by 44%.

To achieve this performance:

- Public resources were mobilized in favour of private enterprise: aid and support of exports, public financing of private investments through tax reductions for investors, subsidies for work and training, non-recovery of outstanding taxes of large corporations, etc. In this last category alone, the outstanding amounts exceed by far what the federal government made with its unemployment insurance reform:

Seagram	\$2,461,000,000
Bell Canada	\$2,133,000,000
Chrysler Canada	\$ 997,000,000
- In this same period, public investments in collective services (health, education, social housing, etc.) were reduced. Public companies working in essential services were privatized (i.e., Air Canada). Private companies working in essential services were deregulated (i.e., Bell).
- Again in this same period, unemployment insurance became employment insurance, rendering workers more than ever dependent on private enterprise. Regulations covering social assistance were transformed, in many provinces (including New Brunswick), to not 'discourage' work.... following of course the conditions set by private enterprise.

Overall policies (economic, fiscal, social, etc.) of the federal and provincial governments were therefore aimed at serving private enterprise. But these private companies are always demanding more. There will always be too high taxes for private enterprise. There will always be too many regulations. There will never be enough public assistance for research and development, for exports, etc. This is an endless process. As a result, if nothing changes, our collective resources will more and more serve private interests.

These private companies, depending more and more on collective resources - how did they serve Canadians? Did the latter benefit from the 44% increase in the nation's wealth?

Summary:

Throughout the 80's and 90's, collective resources managed by the state were largely mobilized in favour of private enterprise. The production of goods and the creation of wealth saw strong growth.

THE IMPOVERISHMENT OF THE MAJORITY IN THE 80's AND 90's.

Canada has never been as wealthy. Do we, then, have more money in our pockets to individually pay for services and conveniences that we choose to consume? According to Statistics Canada, "During this period [1984-1998], **estimates of after-tax income of family units remained virtually unchanged.**" (Statistics Canada, Survey of Financial Security 1999) In other words, on average Canadians did not see an increase in their purchasing power.

What is true on average is not true for everyone. Some (the 30% wealthiest of the population) profited from the growth. For the formidable growth in wealth was accompanied by just as formidable a growth in inequities. Consequently, 30% of economic units (families or persons living alone) own 81% of the total net assets of Canadians (houses, furnitures, vehicles, pension funds, bonds, shares, ... minus mortgage, loans, debts)

The 10% wealthiest own	53% of the net assets of all Canadians
The next 10% own	17% of the net assets of all Canadians
The next 10% own	11% of the net assets of all Canadians
The next 70% own	19% of the net assets of all Canadians

Source: Statistics Canada, Survey of Financial Security, 1999

If the 30% wealthiest gained from the growth, the 30% less wealthy on the contrary saw their purchasing power deteriorate. The number of those excluded from the job market is high (as such they are not part of unemployment statistics). For low- and medium-income workers hourly wage increases are below inflation. For the average Canadian, he must work harder and longer to maintain his former standard of living. And every day, 70% of the population face the drama of the manner in which current development takes place: the financial health of businesses guarantees less and less the economic well-being of workers. When profits are high, job creation does not necessarily take place, nor is there a sharing of gains realized through productivity. As soon as profits decline, there are lay-offs. Jobs and wages are immediately connected to the decline in profits, very little to their growth.

Our public services, under-financed, cannot adequately respond to their mission. 'User' fees are multiplying, as are waiting lists and cuts in services. Search as we may, we can find no social category that is better off today than yesterday, except of course the 30% wealthiest. From students to the elderly in care homes, not to mention the homeless, everyone suffers at one time or another from the under-financing of public services. This erosion also contributes to the impoverishment of the majority of the population. This is particularly true in disadvantaged provinces and regions.

Summary:

The fruits of growth in the 80's and 90's were very unequally divided:

- **30% of the population saw a lowering of their standard of living;**
- **40% of the population maintained their standard of living by working very hard;**
- **30% only of the population profited from the growth.**

That is the vicious circle of impoverishment that we must break if we want lasting development.

INDECENT LIVING CONDITIONS OF THE LESS RICH CONTRIBUTE TO THE IMPOVERISHMENT OF THE MAJORITY.

Guaranteeing decent living conditions for all is an objective that should not even have to be justified. Unfortunately we live in a state (laws and regulations of provincial and federal governments) rich in verbal compassion and good intentions, but miserly when it comes to action in favour of the less well-to-do.

For example, the 1995 Family Income Security regulation states:

16(1) The Minister shall grant assistance in the form of a basic needs allowance to meet the requirements of the unit for the following items of basic need:

- (a) food;
- (b) clothing;
- (c) household and personal items;
- (d) fuel and utilities;
- (e) routine transportation; and
- (f) shelter.

and in the same breath, sets at \$264 per month the amount of assistance for a person living alone. Who can cover food, clothing, necessary effects, heat, travel and shelter with \$264 per month (\$280.58 if tax credits are included)? No one.

And nobody is fooled. Such an amount for income security is allotted only to make life painful for those who are not on the labour market and who do not have access to unemployment insurance. It's a measure to 'encourage' them to accept any job and any working conditions at minimum wage. As say the neo-liberal economists: "We must not discourage work." Translated into positive terms, this means: We must use the social benefit monies to apply pressure to have the minimum wage reduced. This, in turn, pressures low-paid workers who must consider themselves fortunate to be earning from \$7 to \$8 per hour, even though with such a wage one must live from hand to mouth to cover food, clothing, basic effects, heat, travel and housing. The strategy works. And employers take advantage of it to maintain wages as low as possible. Which causes the impoverishment of the majority. And this is called 'good' management.

If wages represented an effective comparative advantage, New Brunswick would have stopped lagging behind a long time ago. But, today as yesterday, New Brunswick sees its children leaving. It isn't because they don't like their little corner of the world, that so many young New Brunswick people decide one day to migrate. As long as government policies do not indicate clearly that they rely on the contribution of each and every New Brunswicker, from the poorest to the wealthiest, development will fail. Nothing is gained by serving the Irving's, the McCain's, the Communications Inc. or the .com, if New Brunswick continues to slowly lose its substance. For more than ever, it is the activities of men and women that bring about development.

The only way to break the vicious circle of impoverishment of the majority is the establishment of policies that ensure the decent treatment of the less wealthy.

PRIORITIES

PRIORITY 1: A MORE DECENT MINIMUM FOR INCOME ASSISTANCE

Levels of benefits in New Brunswick are low... too low

In New Brunswick amounts allotted to income assistance are low, very low, always below the Atlantic average. Taking into consideration the basic assistance, federal and provincial child benefits, the GST federal credit and the provincial tax credits, the annual income of a recipient is as follows:

Total Annual Income	New Brunswick	Atlantic Average	Canadian Average (except Nunavut)
Person living alone	\$3,367	\$3,699	\$4,614
Handicapped person living alone	\$6,899	\$8,217	\$9,189
Person with one child	\$12,319	\$12,618	\$12,537
Couple with 2 children	\$15,170	\$16,479	\$18,508

Source: National Welfare Council Report – 1999

Total Monthly Income	New Brunswick	Atlantic Average	Canadian Average (except Nunavut)
Person living alone	\$281	\$308	\$385
Handicapped person living alone	\$575	\$685	\$766
Person living alone with one child	\$1,027	\$1,052	\$1,045
Couple with 2 children	\$1,264	\$1,373	\$1,542

Basic benefits in New Brunswick have been in effect since 1995. They are not indexed to the cost of living (+9% since '96)

COMPLEX REGULATIONS 'PROTECT' THE GOVERNMENT ESPECIALLY

Numerous clauses of the Family Income Security Act begin with these words: "The Minister **may** grant assistance...". Many assistance benefits are left to the discretion of the minister.

The complexity of the regulations is great. For example, residents of homes who are without income are entitled only to a personal benefit of \$110 per month (not indexed since 1992). Seniors between 55 and 65 years of age with diminished capacity receive \$485 per month through the transitional assistance program (while awaiting their old age security pension). If they receive a small disability pension, their cheque is reduced accordingly, while "wages from part time and full time employment, to a maximum of two hundred dollars monthly for a unit consisting of one person receiving assistance under the Interim Assistance Program" may be retained.

GIVEN THE DECISIONS OF THE DEPARTMENT, APPLICANTS AND RECIPIENTS OF SOCIAL ASSISTANCE ARE ‘JURIDICALLY INFERIOR’

Those applying for assistance are not systematically informed of the regulatory stipulations, which they could claim in their personal situation. But more importantly, they do not enjoy the rights recognized for other citizens with regard to administrative decisions. They are ‘juridically inferior’. The Family Income Security Law gives the government the power to limit the right to appeal. Consequently, there is no right to appeal if the minister refuses special assistance (heating supplement, etc.). Decisions concerning disabilities (extended benefits program, \$558 per month) are also not subject to appeal. And where there is an appeal, the recipient does not enjoy a total and full defence. For example, at review hearings, recipients do not have prior access to their file. The investigator, who requests the recipient to sign a declaration, does not even give him a copy of his signed declaration.

Priority 1: A drastic review of Income Assistance

Income assistance must meet the vital needs expressed by government: food, clothing, basic items, heat, travel and housing. The scale proposed by the Common Front for Social Justice is a strict minimum to meet these needs.

Indispensable Total Monthly Income	
Person living alone	\$485
Handicapped person living alone	\$789
Person living alone with 1 child	\$1,052
Couple with 2 children	\$1,412

Political power (federal and provincial governments) must determine the technical means (tax credits, increased family allowances for those on very low incomes or other formulas) so that everyone, particularly children, may live a decent life.

Finally, rates must be indexed to the cost of living, particularly to the cost of vital needs: food, housing, heat, fuel, water, and telephone.

Every applicant or recipient needs to be treated equally. Therefore, the Family Income Security Act has to be amended in order to permit access to an appeal procedure in all circumstances. The appellants must have access to their complete file before the appeal hearing.

PRIORITY II: DECENT MINIMUM EMPLOYMENT STANDARDS, FOR NEW BRUNSWICK'S MINIMUM WORKING STANDARDS ARE A CRYING SHAME.

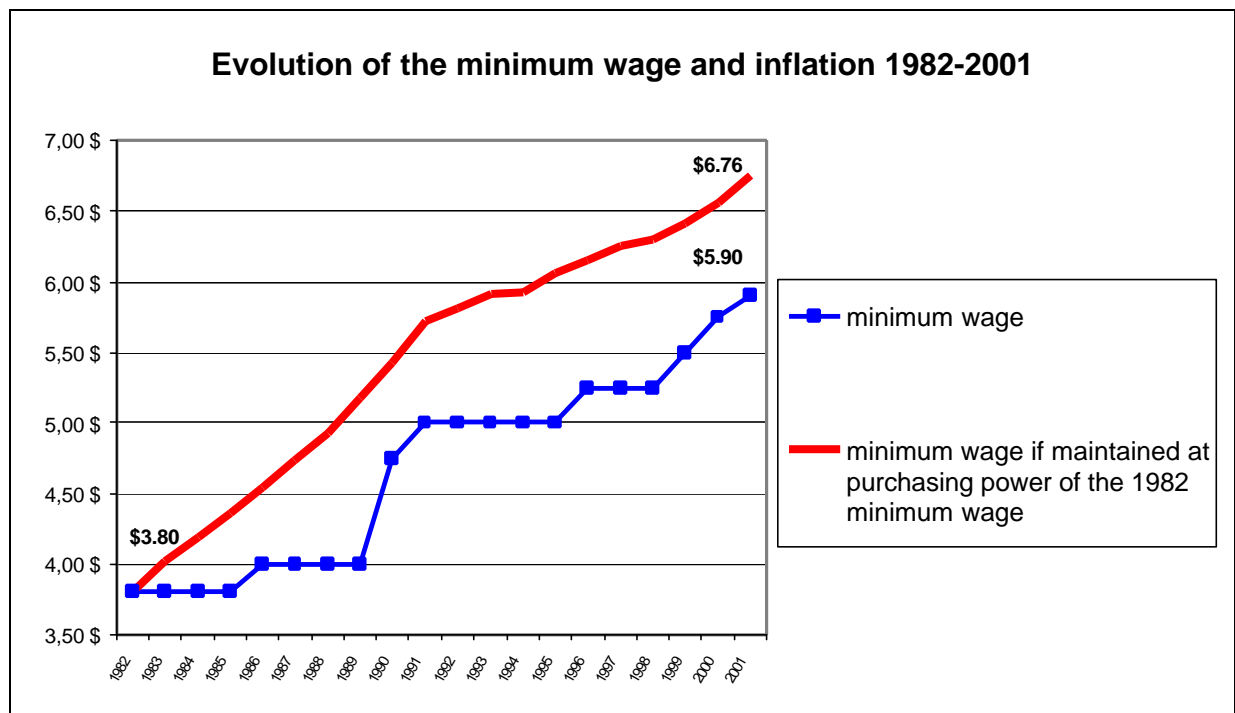
The current Minimum Employment Standards Act is silent on many subjects:

- nothing on the numbers of hours worked in a week: the employer can legally make workers work 60, 70 hours...
- nothing on breaks;
- nothing on call-in;
- nothing on working schedules;
- nothing to protect workers in case of bankruptcy;
- nothing to protect employees who report the non-respect of standards established by law.

This law encourages the exploitation of low-pay employees by employers, principally by setting the minimum wage and the minimum overtime rate.

A MINIMUM WAGE ALWAYS BELOW INFLATION

Since the institution of a single minimum wage (1982), its evolution has always been less than inflation. If the purchasing power of the 1982 minimum wage had been maintained, it would be \$6.76 in 2001. Who can believe that in 2001 employers are unable to pay the equivalent of the 1982 minimum wage?



THE LAW ACCELERATES THE BURN-OUT OF WORKERS BY PROMOTING OVERTIME AT A RIDICULOUS RATE.

Some employers might consider themselves generous to offer hourly salaries of \$7 or \$8. How does one live on \$7.00 per hour? From hand to mouth. Employers know it very well. The result: workers are 'happy' to be able to work overtime. At any rate, they have no choice. The law obliges them to accept the overtime.

The overtime begins at the 45th hour of work per week. It is paid at the rate of one and one half time not of the true hourly wage, but of the minimum wage, that is, \$8.85 per hour ($\5.90×1.5), effective July 2001. This is the example that the New Brunswick government gives on its Web site:

If an employee paid at \$6.50 per hour works 50 hours in a week:

44 hrs. x \$6.50/hr. = \$286.00

50 - 44 = 6 hrs. @ \$8.85/hr. = \$ 53.10

Total Minimum Wage = \$339.10

The same process applies for any hourly rate of pay between \$5.90/hr. (the minimum wage rate) and \$8.85/hr. (the minimum overtime wage rate).

And some employers organize the work in two shifts of 12 hours at a rate below the minimum overtime rate, such as is done at Majesta, a subsidized Irving company. It is not only the tourism industry or fish processing plants that make use of excessive overtime.

Question: Is it healthy that some workers (young and less young) must work 12-hour shifts? In such conditions, how does one manage to upgrade his training, enjoy a family life?

Nobody can develop mentally and physically when regularly working 12 hours at a stretch, days or nights. What is the sense of a law that hastens the mental and physical burn-out of its more disadvantaged citizens?

THE LAW ENCOURAGES THE EXPLOITATION OF WOMEN WORKERS BY ALLOWING THE UNDERPAYMENT OF WOMEN.

The law provides for equal pay for equal work. Since this equality is strictly formal, some employers use processes (job classification, etc.) to underpay their employees.

THE GOVERNMENT ENCOURAGES THE EXPLOITATION OF WORKERS BY EXERCISING VERY LITTLE MONITORING OF ITS OWN LAW.

Some employers use certain unacceptable processes: obligation to wear clothes of its own label at the expense of the employee, non-payment of closing time, withholding of salary, etc. Employees who complain are absolutely not protected, neither before the investigation period, nor after.

Priority II: A drastic review of minimum employment standards

The Minimum Employment Standards Act is the sole protection of low-paid workers. As a result there must be:

- an automatic indexation of the minimum wage;
- a gradual but speedy increase of the minimum wage to \$8.50 per hour;
- A 8-HOUR WORK DAY AND a 40-hour work week;
- voluntary overtime paid at time and one half of the real rate.
- une journée de travail de 8 heures et une semaine de travail de 40 heures ;
- un surtemps volontaire payé temps et demi réel à partir de la 41^e heure.

The Minimum Employment Standards Act must effectively assure pay equity for men and women at work.

- equal pay for work of equivalent value.

The Minimum Employment Standards Act must be affirmative:

- respect of the law must not rest solely on complaints, but rather on a systematic monitoring of work places;
- the employee who lays a complaint must enjoy the protection of the law.

PRIORITY III: DECENT COVERAGE OF PERIODS OF UNEMPLOYMENT

THE REFORM OF THE UNEMPLOYMENT INSURANCE TO THE EMPLOYMENT INSURANCE WAS A REAL JOKE FOR WORKERS.

Let us recall the promises: everything would be better for workers. The facts:

- * in 2000, a surplus of \$8 Billions for the minister of finances;
- * workers hardly covered: the coverage rate went from 74% in 1989 to 38% in 2001
- * large income losses in regions most affected by chronic under employment.

Priority III: A drastic revision of employment insurance

The Unemployment Insurance Act must ensure a true protection of workers who lose their job. The following must therefore be reviewed:

- **the criteria for access: 350 hours whatever the unemployment rate in the region for all categories (regular, parental, illness, new workers, etc.);**
- **level of benefits: 66^{2/3} based on the 12 best weeks of the past year (the 52 weeks preceding the application);**
- **elimination of the divisor;**
- **length of benefits: variable by region;**
- **In regions of high seasonal work: no black hole.**