

Poverty Measures: Opportunity or Distraction?

Ricardo Tranjan





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Poverty Measures: Opportunity or Distraction?

STARTING IN 2004, almost all provinces and territories, several regions and municipalities, and the federal government have released poverty reduction strategies or discussion papers. Initially, the willingness of governments to develop plans focused on poverty reduction was met with enthusiasm from communities and advocates who had long demanded them. As time passed, it became clear that having these plans was not enough to drive the expected actions and investments. Today, as some governments embark on the renewal of their strategies (e.g. Ontario has begun developing its third five-year plan), and others catch up (e.g. British Columbia and the federal government are developing their first plans), a consensus has formed on the need for poverty reduction strategies to include clear measurements.

Governments seem to be taking this call seriously: the 2018 federal budget earmarked \$12 million over the next five years, and \$1.5 million per year thereafter, to “address key gaps in poverty measurement;”¹ Halifax, Toronto, Saskatchewan, British Columbia, and the Northwest Territories have also mentioned poverty measurement in recent budgets. Experts, in turn, are debating the issue and presenting decision makers with alternatives. These are encouraging steps, but we must not lose sight of the prize: action.

Policy work on poverty measurement must not become a search for a Holy Grail indicator, a scholarly debate, an endless public consultation, or another sort of distraction. The call for poverty measurement is, ultimately, meant to distinguish between strategies that simply convey aspirational commitments — and, as such, receive broad political support but little funding — and strategies that bear the political will and investments needed to move the needle on poverty reduction.

With this in mind, this paper puts forward five recommendations for how to use targets, indicators, and evaluations to fuel action and investments on poverty reduction.

1. Give up the search for a Holy Grail measure of poverty
2. Use existing indicators to monitor trends in key social policy areas
3. Try to understand the dynamics of poverty
4. Use investment targets to keep governments accountable
5. Use evaluation resources strategically

The background section presents an abridged account of the emergence of poverty reduction strategies as a social policy framework in Canada and a brief overview of their content. This background provides the necessary context for the five recommendations, which are discussed in detail in the subsequent section.

Background

The social policies and programs implemented in industrialized countries in the post-World War II period (1945–1973) were rarely framed as comprising a poverty reduction strategy. One exception was United States President Lyndon B. Johnson’s “war on poverty,” which drove the creation of Job Corps, Medicaid, and the Food Stamp Program, among other initiatives.² In Canada, this period brought universal health care, the Canada (and Québec) Pension Plan, the Guaranteed Income Supplement, the Canada Assistance Plan, and the extension of social housing programs. These programs were not framed as anti-poverty strategies. In fact, the word “poverty” appeared only three times in federal budgets from 1957 to 1972, when most of these changes came into effect.³ Jump forward 35 years: the 2018 federal budget mentioned poverty 55 times.

There is very little research on how poverty reduction became a pervasive concept in policy debates in Canada, its ideological underpinnings, and the political-economic context in which strategies emerge.⁴ This line of inquiry – which is explored internationally – could yield useful lessons nationally. But what we do know is that poverty reduction strategies made their debut in Canada in the early-2000s and that they have been promoted for by advocacy groups in all sectors and espoused by all political parties.⁵

Quebec approved the *Plan d'action gouvernemental en matière de lutte contre la pauvreté et l'exclusion sociale* in 2004. The premier of the day was Liberal Jean Charest, former leader of the Progressive Conservative Party (PC). Newfoundland and Labrador approved the second poverty reduction strategy in 2006 during the term of former PC Premier Danny Williams.⁶ Nova Scotia's PC government and Ontario's Liberals released their strategies in 2009. Since then, several municipalities and regions, and almost all provinces and territories, have approved poverty reduction strategies.⁷ The latecomer province, British Columbia, is presently working on it. In 2017, its newly elected NDP government renamed the Ministry of Social Development and Social Innovation to Ministry of Social Development and Poverty Reduction. At the federal level, Prime Minister Justin Trudeau's Liberal government is working on Canada's first national poverty reduction strategy.⁸

In addition to being tabled by all parties, poverty reduction strategies often receive unanimous approval. Take, for example, Ontario's 2009 strategy: tabled by the Liberals, it passed third reading with 78 votes in favour and none against it. Those who said “aye” included NDP leader Andrea Howarth, interim PC leader Bob Runciman, and later to be Liberal leader Kathleen Wynne.⁹ In Toronto, Mayor John Tory, former PC party leader, named Councillor Pam McConnell, a progressive politician and long-time NDP supporter, deputy mayor in charge of developing the city's first poverty reduction strategy—which city council unanimously approved in 2015.

But what do these strategies contain? A careful analysis of 30 poverty reduction strategies released in Canada in the past 25 years allowed us to group their content into four broad categories: income supports, work, social equity, and access to services.¹⁰

Most poverty reduction strategies pay attention to individuals and families who experience poverty for prolonged periods, if not all of their life, for whom full-time employment may not be an alternative. Even Quebec's strategy, which has a marked emphasis on labour market integration, concedes that people facing “personal constraints and significant employment limitations” require long-term supports to “achieve personal success in a

productive activity” that may not be a regular job. Proposed responses to this type of poverty usually focus on direct income transfers and supports delivered through social assistance.

Employment supports and workforce development programs are also discussed in nearly all strategies. Almost every provincial strategy features minimum wage increases or proposals to index it to the cost of living. Unable to overlook the growth of working poverty, but having no jurisdiction over employment, municipal strategies tend to focus on encouraging businesses to adopt a living wage and other voluntary employment standards.

A third prevailing theme in Canadian strategies is racism and discrimination, often framed as social equity. Strategies consistently stress that poverty disproportionately affects specific population groups. Toronto’s poverty reduction strategy contends that poverty is systemic: “social, economic, and financial policies have led to the racialization, feminization and geographic concentration of poverty.” Proposed responses in this area include population-specific action plans, targeted interventions, and disaggregated data plans.

Finally, poverty reduction strategies call for investments in a broad variety of public services, from hospital beds to swimming lessons, depending on the level of government and the prevalence of the issue in any given jurisdiction. Education, child care, health care, affordable housing, recreation, long-term care, and transit are service areas often included in these strategies. Proposed responses are more, better, and easier to access services.

But what happens once strategies are approved? The development of poverty reduction strategies brings about active government communications, broad public consultations, media coverage, and heightened community expectations. Once they are approved, life goes back to normal: civil servants chipping away at incremental change, elected officials negotiating budget trade-offs, and journalists moving on to the next story. Communities and advocates who fought for a poverty reduction strategy, who actively participated in consultations, and whose expectations have now been raised understandably feel as if nothing is being done. Hence the calls for measures, indicators, targets, reports, or anything that will provide some accountability.

The danger is that measurement discussions can suck all of the air out of the room and provide governments with an excuse to delay action and investment. With this in mind, this paper presents five recommendations for a focus on measures that fuel concrete and effective actions, not merely further discussions and dispiriting government promises.

1. Give up the search for a holy grail measure of poverty

Whereas the concept of poverty used to be primarily connected to physiological deprivation, today it captures notions of social exclusion, inequality, vulnerability, and human rights. Whereas causal analyses tended to focus on human and economic variables, today they include social, cultural, political, institutional, and environmental factors. Concepts and causal explanations combine into distinct approaches to the study of poverty. Each approach has its measurement toolbox, the focus of which can be: the amount of income necessary to satisfy minimum nutritional requirements; the fulfillment of basic needs; access to the resources needed to avoid social exclusion; lack of dignity, self-respect, and security; income inequality; or the violation of basic human rights.¹¹ The upshot: there are many ways to measure poverty and no agreement on which is the best way.

In Canada, recently proposed approaches include a provincially based low-income measure coupled with a market basket measure;¹² combining equally imperfect income measures and material deprivation surveys for an overall more accurate measurement;¹³ a dashboard of ever-evolving pan-Canadian indicators;¹⁴ a set of national-level indicators linked to local outcome indicators;¹⁵ and a focus on “game changer” actions that can have a visible impact on poverty reduction.¹⁶ This debate is unlikely to come to a close anytime soon, and new approaches are likely to come and go.

From a research perspective, this is a rich debate. From a short-to-mid-term policy perspective, it is unlikely that governments will find a silver bullet approach that directly captures progress across all areas of responsibility, and for which there is consensus. But agreeing on the perfect poverty measure is not necessary in order to act on poverty.

2. Use existing indicators to monitor trends in key social policy areas

Developing effective programs and policies requires tracking trends in key social policy areas. Given that poverty is complex, and that poverty reduction strategies are broad, several measures and indicators are required. The good news is that governments have entire ministries, plenty of expertise, and useful indicators for most, if not all, the issue areas bundled under poverty reduction.

As noted earlier, poverty reduction strategies tackle problems that have been around for a while: income inequality, employment, discrimination,

housing, and access to public services like education and health care. It is not necessary to create new measures to act on these issues. Take Newfoundland and Labrador for example: its strategy places great emphasis on education and has, therefore, high school dropout rates as one of its poverty reduction indicators. That's a good indicator for a provincial government focused on education as a tool to promote social inclusion.

Indicators must be strengthened to include disaggregated data, which is crucial in addressing racism and discrimination that so often underpins poverty. But, more often than not, indicators already exist and focusing on recreating them would be a distraction.

3. Try to understand the dynamics of poverty

While there is a fair amount of data and measures for the various social policy areas included in poverty reduction strategies, there is little systematic knowledge about the dynamics of poverty in Canada.

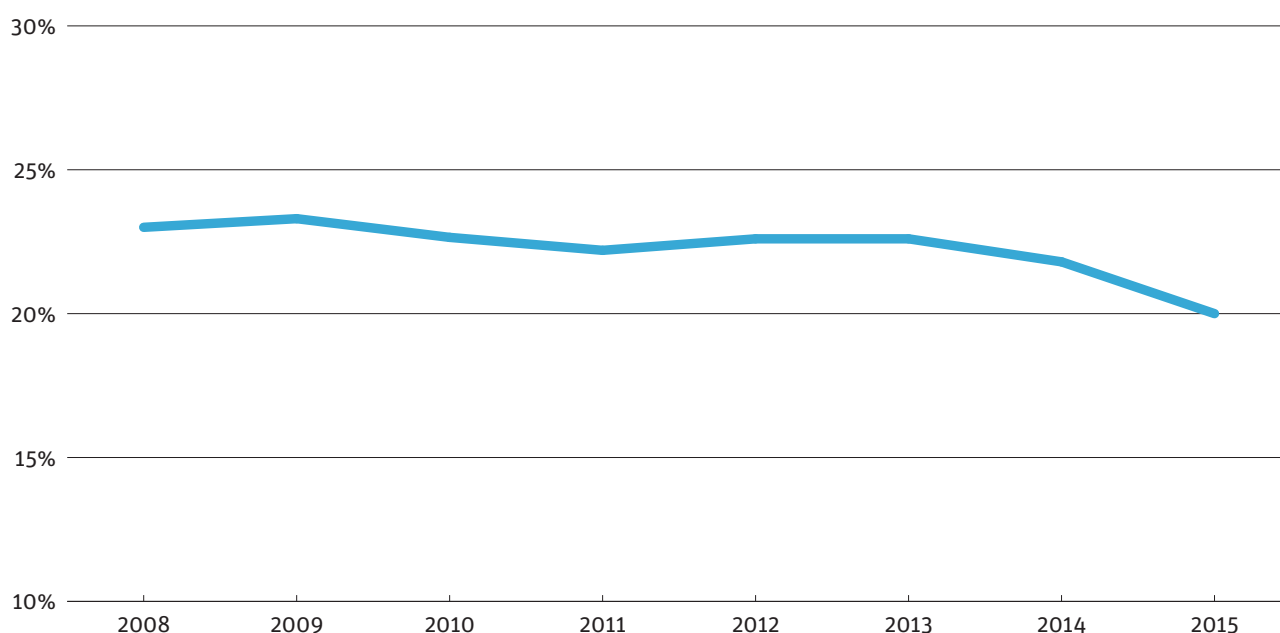
In the international literature on poverty, the idea of a static stock of chronically poor people who need to be “pulled out of poverty” has been slowly replaced with an understanding that shocks, stresses, coping mechanisms, and survival strategies drive people into and out of different levels of poverty for varying lengths of time.¹⁷ The goal here is not so much to measure poverty but to understand it. How frequently do people flow in and out of poverty? How deep do they go into it? How long do they stay? What helps them to move out? What prevents them from doing so?

We can graphically contrast these two ways of thinking about poverty. *Figure 1* presents the traditional, static depiction of low-income rates in Toronto between 2008 (23 per cent) and 2015 (20 per cent). A plausible explanation for the gradual three per cent drop is that the 2008 recession pushed people into the low-income bracket and the economic recovery slowly brought them back up.

This way of depicting poverty ultimately reinforces the notion that some people are poor, others are not, and that the poor can be pulled out of poverty to reach middle-class status. It misses the fact that people flow in and out of poverty: in any given year, the number of people who fell into poverty may have been offset by people whose income rose above the low-income line.

A 2012 Statistics Canada study went beyond describing low-income trends to also look at the dynamics of poverty. Using the Survey of Labour Income Dynamics, the authors tracked transition rates in and out of low

FIGURE 1 Individual low-income rates (LIM-AT) in Toronto between 2008 and 2015



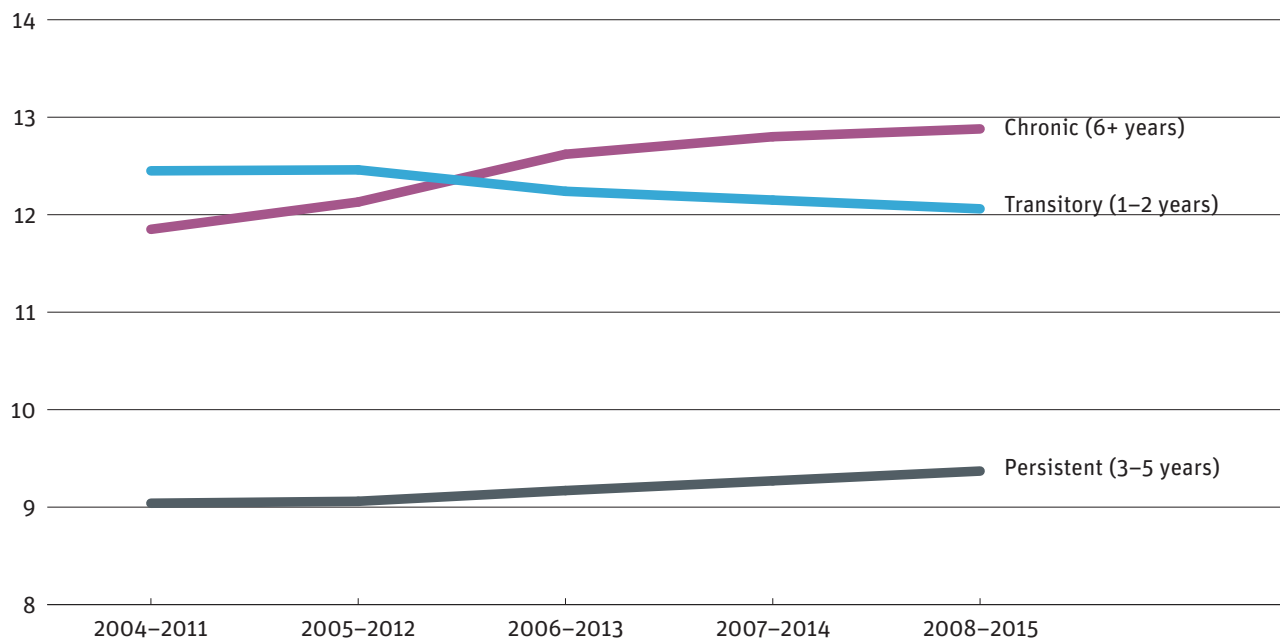
Source City of Toronto, *Social Development Dashboard October 2016*; City of Toronto, *2016 Census Backgrounder: Income*.

income and distinguished between (in their words) transitory, persistent, and chronic low-income trends. The analysis found that lone parents and unattached non-elderly people were the most likely to have a low income for more extended periods. Recent immigrants were overrepresented in the overall low-income population, but their level of chronic low income was lower than other groups. The study also found interesting regional differences: between 1997 and 2013, persistent low-income trends decreased in Montreal, increased in Vancouver, and remained the same in Toronto.¹⁸

In 2017, policy staff at York Region replicated the Statistics Canada analysis¹⁹ and assisted the City of Toronto's poverty reduction strategy team in doing the same. The method consists of comparing transition rates in and out of poverty in eight-year panels. In other words, this data shows the percentage of people who, in the given eight-year period, never experienced low income, experienced low income, were low income for between one and two years (transitory), were low income for between three and five years (persistent), and experienced low income for six or more years (chronic).

This way of analyzing the data provides a more dynamic understanding of low-income rates in Toronto: between 2008 and 2015, 34.3 per cent of all Torontonians experienced low income at some point, 12 per cent were

FIGURE 2 Number of years individuals spent in low income in Toronto between 2004 and 2015 (eight-year panels)



Source: Statistics Canada Longitudinal Administrative Data; City of Toronto custom request and calculations.

in this situation for less than two years, 9.4 per cent were in it from three to five years, and nearly 13 per cent were low income for six years or more. By comparing eight-year panels, we can identify trends over time.

Figure 2 shows that between 2004 and 2015 there was a small decline in the incidence of transitory low income, from 12.5 to 12.1 per cent, a slight increase in persistent low income, from 9 to 9.4 per cent, and a noticeable increase in chronic low income, from 11.8 to 12.9 per cent. This finding suggests that it is becoming increasingly difficult to move out of poverty in Toronto.

These findings raise several policy questions, including: What worked for people who managed to move out of low income? What thwarted those trying to do so? What happened to people between two or more low-income spells? Answering these questions would require combining this type of income analysis with more qualitative studies. The effort is justifiable since a better understanding the dynamics of poverty can help governments design programs and policies that effectively support people in poverty.

4. Use investment targets to keep governments accountable

A simple but effective way to track government commitment to an issue is to follow the money. This is easier to do on issue areas for which there are assigned funding envelopes (e.g. health care, education), but more complicated for broad strategies that touch programs and services across several ministries.

The political consensus behind poverty reduction has generally failed to translate into upfront funding commitments, designated funding streams, or dedicated revenue sources. Poverty reduction investments tend to become part of existing budget processes and funding envelopes and, therefore, are incremental, ongoing, and piecemeal. Timid investments naturally cast doubt on governments' commitment to poverty reduction.

Here it is important to separate the art and science of policy making. Measures and indicators belong on the science side: they capture mid- and long-term trends, often stumble into technical challenges related to attribution, and, at best, provide cautious statements about the impact of any individual action or investment. Evaluations are on the science side too, and the challenges in evaluating catch all poverty reduction strategies are many (more on this later). On the art side, the political side of policy making, investment targets are the best measures; they capture what advocates are often concerned with: elected officials' commitment to getting things done, in whichever way, however much it costs, and in a timely way.

5. Use evaluation resources strategically

It is impractical to evaluate the impact of broad strategies that include ongoing work for which resources are not always available.

Poverty reduction strategies cut across almost everything governments do on the social front. Toronto's strategy names 25 divisions and agencies; Ottawa's strategy has 11 key project areas; federal ministers with portfolios as diverse as agriculture, health, and justice joined the closing consultation on Canada's strategy. This whole-of-government approach speaks to the multifaceted nature of poverty and may be instrumental in advancing institutional change in the public sector, but it also means evaluators have a difficult time determining what is within and what is outside the scope of the evaluation.

Another challenge in trying to evaluate poverty reduction strategies is the counterfactual argument that the same progress would have happened or could have happened without the strategy. As previously noted, Canada's major social programs and policies were created at a time when governments were not talking poverty. A recent example is the Canada Child Benefit, a program that lifted hundreds of thousands of families above the low-income cut-off and which was launched before the drafting of the national poverty reduction strategy. An evaluator would have to decide whether to count the achievements of this program as part of the results of the forthcoming strategy.

Governments have limited evaluation funding, which should not be used trying to evaluate the impact of broad poverty reduction strategies — an evaluation wild goose hunt. This funding is better invested in: assessing new and promising initiatives and whether they are scalable; long-standing programs that may not be yielding the expected results and may need to be discontinued or redesigned; understanding the needs of specific population groups (e.g. families experiencing chronic low income).

For example, Toronto Employment & Social Services recently conducted an in-depth study with social assistance clients who are single. The percentage of singles on Toronto's social assistance caseload has increased from 38 per cent to more than 60 per cent between 1999 and 2016. Policy staff identified 51 singles in receipt of social assistance with whom they spent several hours learning about their lives, challenges, coping mechanisms, and dreams. This is how staff described this work:

Looking at the arc of their lives, rather than simply their time on assistance, or experience with a specific program, allows us to see the whole person, their reasons for turning to assistance, the realities that frame their daily lives and decision-making, the hidden or unaddressed barriers that may restrict progress and their hopes for life after assistance.²⁰

This rich qualitative data, combined with a more nuanced understanding of dynamic trends, can concretely inform the design of effective poverty reduction programs.²¹

Concluding remarks

Canadian governments at all levels have been grouping social policy issue areas under poverty reduction strategies and there is an increased focus on poverty measurement. Paying attention to poverty measures and indicators

is important, but this discussion must not become a distraction from the real issue at hand: addressing poverty. Political courage, existing indicators, civil service expertise, understanding of the dynamics of poverty, and insight from people living in poverty can generate effective and measurable poverty reduction plans.

Notes

- 1 Government of Canada. *Budget Plan*. 2018: 55.
- 2 Corbett, Thomas. “The Rise and Fall of Poverty as a Policy Issue.” *Focus* 30, no. 2, 2013–14: 3–8.
- 3 Budget speeches and other documents dating back to 1969 can be found in the Government of Canada Archived Budget Documents website.
- 4 One of the few examples is Hudson, Carol-Anne, and Graefe, Peter. “The Toronto Origins of Ontario’s 2008 Poverty Reduction Strategy: Mobilizing Multiple Channels of Influence for Progressive Social Policy Change.” *Canadian Review of Social Policy* 65–66 (2011).
- 5 In 1971, *Poverty in Canada: Report of the Special Senate Committee on Poverty*, spearheaded by Senator David A. Croll, documented poverty trends, discussed the shortcomings of welfare programs and social services, and put forward several recommendations for how the federal government should address poverty. But the report was not adopted as an official government strategy.
- 6 Collin, Chantal. *Poverty Reduction Strategies in Quebec and Newfoundland and Labrador*. Library of Parliament, Political and Social Affairs Division, 2007.
- 7 At the provincial level, we have Quebec’s *Plan d’action gouvernemental en matière de lutte contre la pauvreté et l’exclusion sociale* (2004); *Poverty Reduction: An Action Plan for Newfoundland and Labrador* (2006); *Growing Stronger Together: Ontario’s Poverty Reduction Plan* (2008); Nova Scotia’s *Preventing Poverty, Promoting Prosperity* (2009); *Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan* (2009); *All Aboard: Manitoba’s Poverty Reduction and Social Inclusion Strategy* (2011); *A Better Yukon for All: Government of Yukon’s Social Inclusion and Poverty Reduction Strategy* (2012); Prince Edward Island’s *Social Action Plan to Reduce Poverty* (2012); Nunavut’s *The Makimaniq Plan: A Shared Approach to Poverty Reduction* (2012); *Together We Raise Tomorrow: Alberta Poverty Reduction Strategy* (discussion paper, 2013); *Working Together, A Territorial Action Plan to Reduce and Eliminate Poverty in the Northwestern Territories* (2014); *Realizing Our Potential: Ontario’s Poverty Reduction Strategy* (2014); the *Saskatchewan Poverty Reduction Strategy* (2016); and British Columbia’s *Minister of Social Development Advisory Forum on Poverty Reduction* (2017).

8 Thus far the federal government has released two documents: *Towards a Poverty Reduction Strategy* (2016, discussion paper) and *Canadian Poverty Reduction Strategy: What We Heard About Poverty So Far* (2018, consultation report). Several cities and regions across the country have developed strategies in the past 20 years.

9 The proceedings of Ontario Bill 152 (May 6, 2009) can be found in the Legislative Assembly of Ontario's website.

10 This analysis includes the documents listed in notes 7 and 8 and strategies approved by the following municipal and regional governments: Toronto, Ottawa, Hamilton, Montreal, Niagara, Waterloo, Edmonton, Surrey, Peel, New Westminster, Calgary, Kingston, Medicine Hat, London, and Saint John. The author thanks Marsha-lee MacLeod and Lucy Cui for their research assistance.

11 Shaffer, Paul. *Q-Squared: Combining Qualitative and Quantitative Approaches to Poverty Analysis*. Oxford: Oxford University Press, 2013.

12 Noël, Alain. "How Do We Measure Poverty?" *Policy Options*, November 2017.

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14 Hicks, Peter. "Measuring Poverty? Let's Get Empirical." *Policy Options*, November 2018.

15 White, Anne, Dragicevic, Nevena, and Granofsky, Thomas. *What Works? Proven Approaches to Alleviating Poverty*. Mowat Centre. 2014.

16 Discussion of the 'game changer approach' can be found on the Tamarack Institute's website.

17 Shaeffer, Paul. "New Thinking on Poverty: Implications for Globalisation and Poverty Reduction Strategies" *Real World Economics Review*, no. 47, 2008.

18 Murphy, Brian, Zhang, Xuelin, and Dionne, Claude. *Low Income in Canada: A Multi-Line and Multi-Index Perspective*. Statistics Canada, Income Research Paper Series, 2012. See also, Picot, Garnett and Lu, Yuqian. *Chronic Low Income among Immigrants in Canada and Its Communities*. Statistics Canada, Analytical Studies Branch Research Paper Series, 2017.

19 York Region, Community and Health Services Department. *Low Income Dynamics in York Region, 2004 to 2013*, 2017.

20 This great research project yielded four case studies that can be found at the City of Toronto's research portal, <https://www.toronto.ca/city-government/data-research-maps/research-reports/social-reports/>.

21 Another noteworthy example is the Ontario Basic Income Pilot, which was set up to generate valuable knowledge on how to best support social assistance clients. Information is available at <https://www.ontario.ca/page/ontario-basic-income-pilot>



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