

Economic Crisis and the Poor: Probable Impacts, Prospects for Resistance

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Now that the crisis of the financial markets has become a crisis of the 'real' economy, it is obvious that those who already face poverty (or live on the edge of it) will be hit extraordinarily hard in the days ahead. Over the last three decades, social programs that served to partially redistribute wealth or limit the disciplinary power of unemployment on the working class were massively reduced. With this 'social safety net' seriously compromised, we can expect a rapid and deep process of impoverishment to take effect as the downturn unfolds. The scale and severity of this will pose major challenges but open up huge possibilities in terms of mobilizing poor communities.

In the last weeks since the crisis came to head on Wall Street and scandalous bailouts for the rich ensued, a question has been lurking in the background: who will pay for this crisis of capitalism? That the capitalists and bankers do not intend to pay is more than obvious. That workers and the poor face massive austerity is also very clear. However, in order for this to happen, those in power are going to have to impose their harsh 'solutions' and that will produce suffering and an anger that forms the basis for fighting back. I would like to look at how poor communities may be attacked and at some of the forms that resistance could take. I speak from the standpoint of someone who is active in anti poverty struggles in Toronto. In some smaller and more heavily industrialized cities, the situation is already further advanced but we may expect a deepening downturn to affect Toronto very seriously. In many smaller centres, systems of social provision are even more inadequate than in Toronto and many people facing conditions of poverty and destitution will be forced to head for the major centre out of necessity.

The Shredded 'Safety Net'

In assessing the likely impacts of the downturn, the first important question to consider is the fact that 'employment insurance' (EI) has been so drastically undermined. If all that people have to turn to is the welfare system, they will face a devastating shock. EI, while it has highly restrictive rules, considers eligibility from the standpoint of unemployed status. Welfare, in contrast, is a system of last resort that can only be accessed by those on the very edge of destitution. Those with any other sources of income are ineligible by reason of the welfare means test. In conditions of rapid economic downturn, that will translate into a whole mass of people who are without work but who cannot even apply for income support until they have exhausted their savings. Once they have reached the required level of poverty, those who were previously working for living wages will be expected to make do with the degrading pittance that welfare provides. I spoke recently to a man who had just lost his job and wanted to know about accessing welfare if he could not collect EI. He was truly devastated to learn that his very modest bank account would have to be almost

emptied before he could go to Social Services. As this kind of thing happens on a major scale, it will send a shock wave of indignation through whole communities.

However, even the miserably low income provided by welfare is not something we can assume will be available. The social assistance system is massively arbitrary in its actual implementation and municipalities have to foot the bill for part of it. Ontario Premier Dalton McGuinty has already made clear that local governments will face cost cutting measures in the months ahead and, in such a situation, it is to be expected that local welfare offices will engage in an intensified drive to deny entitlements by way of a covert process of improper denial. If the crisis becomes deep enough and caseloads reach a high enough level, the very viability of welfare provision will be called into question.

In fact, Toronto's City Council has already set the stage for a disastrous situation to develop in the near future. Under Mayor David Miller and his progressive allies on Council, the City's welfare reserve fund has been depleted to pay for day-to-day operating expenses. From a high point of \$94.4 million in 2003, it has been taken down to a mere \$8.3 million. This means that we are going into a major international economic downturn with the income support system of the largest city in the country ready to collapse at the first test. Aside from generalized demands for increases in welfare rates, we will have to be ready to fight for the very right of people to obtain even a minimum level of income support.

Nor can we forget that, for hundreds of thousands of low-income people, the undermining of social programs has meant that they must frequently access private charity in order to survive. If food banks and other such services face a big increase in demand, while finding it harder to bring in donations, the costs in terms of hunger and illness will be very great indeed. Food banks have become a de facto second layer of welfare provision that until now has partly concealed the gross inadequacy of social assistance payments and limited the spread of hunger. If they are overwhelmed, the resulting situation will be tragic.

We can expect other impacts in the area of municipal services. 180,000 public housing tenants in Toronto are living in buildings and units that are in a state of massive disrepair. Infusions of cash from Queen's Park have been well short of the hundreds of millions needed to bring this huge quantity of public housing stock up to a standard that even meets legal requirements. In conditions of funding cutbacks, this process can only intensify. Already, despite a waiting list for social housing of some 70,000, City owned buildings are left vacant for want of resources to restore them to a level where they can be occupied. There are not a few buildings that have been neglected to the point where action must be taken soon if they are to continue to house people. The loss of public housing in conditions where growing numbers of people lack the means to pay rent in the private market would be a disastrous addition to the overall crisis.

Even before this downturn really takes hold, hundreds of thousands of low-income tenants in Toronto barely keep themselves housed and pay the rent only by going short on decent food. There are already more evictions taking place under McGuinty than during the Harris years. If jobless rates shoot up and income support systems are further restricted, an epidemic of economic evictions will ensue. Then, as the loss of housing drives people to seek emergency shelter, we see another situation where the course charted before the downturn has horrible implications. Toronto has taken up a relentless drive to remove shelters and services for the homeless from the central part of the city. At present, finding a bed for the night in the overcrowded shelters is a challenge for the homeless. An upsurge in destitution will mean more people trying to access a system that is already inadequate.

There will be a great political reluctance to respond to this need. Not only will Toronto City Council want to minimize expenditures but it will also be loath to open facilities in areas it has recently worked to clear of the homeless in the interests of upscale redevelopment. Some of the fights we face ahead will be for the very right to find shelter and stay alive.

Marginalized Communities and the Crisis

It would be hard to overestimate the degree to which this crisis will intensify the abuses faced by precarious workers in the most exploitative and low paying sectors of the job market. The level of enforcement of the most basic legal rights for such workers has already sunk to the level of tokenism. A worker who actually receives the protections of the Employment Standards Act enjoys little enough but these protections are a dead letter in many workplaces. The payment of wages below the level of the minimum wage, failure to provide overtime pay, the disregarding of statutory holidays, blatant safety violations — all these things are widespread now. In conditions of rising unemployment, we may expect employers to intensify the abuses very considerably.

There is one 'service' that has been exempt from austerity and, indeed, has had money thrown at it to the point where its budget has swollen to unheard of proportions. That exception to the rule is, of course, policing. This institution and its repressive role will be preserved and pampered no matter how dire the fiscal situation in the period ahead. The role of the police in poor communities will be stepped up in conditions of worsening poverty and destitution. If we look at the history of the Great Depression, we can see how local authorities responded in that period to the explosion of homelessness that took place. The police were used to ensure that those without work and housing received a very clear message that they were unwelcome and should move on.

Over the last few years, the drive to clear the central part of the city of poor and homeless people in order to make way for the process of gentrification, has given the Toronto cops extensive experience in harassing and terrorizing people the merchants, developers and politicians would rather not have around. Toronto's drive to remove panhandlers has been stepped up greatly in the last couple of years and it has provided the police with a huge training exercise in criminalizing a population and disregarding its most basic legal rights. As pressure on services and the level of visible homelessness increases, we can count on intensified police repression to be a key element of the attack that poor communities will have to respond to.

In every aspect of the unfolding crisis that I have pointed to, it is, very sadly, a given that immigrant communities will face a massively disproportionate level of attack. A few days ago, the Ontario Coalition Against Poverty (OCAP) office took a call from a Central American family who had applied to their local welfare office for a health related benefit. An official informed them that she did not believe they needed the benefit and threatened to make sure they were deported for making false claims. A Somali woman applying for the same benefit was told by another office that she should not expect such assistance because she was already better off in Canada than she had been in Africa. The impending drive to restrict social provision will have a racist, anti immigrant element that will shape and define it. With immigrant communities already disadvantaged and vulnerable, any movement of resistance to poverty will need to confront racism whether it is sanctioned officially and hides its face or it begins to come out in the open as expressions of political backwardness.

New Resistance, Broad Alliances, Major Demands

There is a danger that this crisis is going to unfold with such speed and severity that it will create, for a period of time, a numbed passivity in communities under attack. The most effective counter measure to this will be to establish, as rapidly as possible, practical models of effective resistance. Over the last years, OCAP has established a method of work that we have sometimes referred to as 'direct action casework.' This uses collective action to resolve the grievances of individuals and families who face the denial of social entitlements and other injustices. It was established with the methods of the unemployed in the 1930s in mind. Such forms of mobilizing could be developed on a very wide scale in response to the crisis.

If the welfare system tries to cut costs by denying assistance to people in need, then 'mass delegations' of the poor and their allies can be used to challenge such abuses. If emergency shelters offer less space than is needed to deal with the growth in homelessness, appropriate locations can be taken over to press demands and ensure people are not left on the streets. OCAP, on a couple of occasions, invaded the Provincial Housing Tribunal to temporarily prevent it from ordering evictions. These actions were modest political statements that only prevented a few evictions from taking place but, in a worsened situation with a rising capacity for mobilization, more serious forms of challenge to eviction procedures could be organized. A veteran of 1930s organizing in Toronto once told me that the movement of those days could pull out large crowds at very short notice to block the efforts of the authorities to put families out of their homes. Such actions, linked to a demand for a moratorium on evictions, might well be possible in the not too distant future. Locally based committees, mandated to mobilize in the defence of people in their communities could crystallize and develop a very dynamic life if a lead were given.

There is no doubt that, beyond defensive local community action, the period ahead will call for broad alliances and for major demands to be placed before those in political power. If measures of 'economic stimulation' are to be adopted, we must be fighting for these to be allocated in ways that meet the needs of communities. Not the least of these is the construction of truly affordable housing on a massive scale. The degraded system of federal unemployment insurance must be restored to a level that meets the needs of the unemployed. The undermining of social assistance systems by the Chretien Government in the early 1990s has left communities desperately vulnerable and federal resources must be used to reverse this situation. The Ontario legacy of Mike Harris, especially the 40% cut in the spending power of welfare income, is another area where movements must go on the offensive. It will take very much more than the McGuinty Government's timid and dishonest measures of 'poverty reduction' to meet the need this crisis will create. At the municipal level, a fight will have to be mounted to ensure that access to vital income support and shelter services is not compromised by cost containment initiatives.

Stabilizing Capitalism or Anti-Capitalism?

During this crisis, the priority of governments will be to stabilize capitalism at the expense of poor and working class people. Banks and auto manufacturers may be 'too big to fail' but laid-off workers and the communities they live in will be considered highly expendable. Measures of social provision will be freed up, not in any direct proportion to the amount of suffering that occurs but to the extent that a resistance is mobilized that poses enough of threat to force concessions from governments. In this regard, we go into this situation with a major problem on our hands. There is no generalized movement of social resistance in place

and the potential components of such a movement, especially the trade unions, are in a severe state of demobilized passivity.

Nor is there any immediate sign that the impact of this crisis is changing that situation. As I write this, the Harper Government is successfully staving off defeat at the hands of a Liberal/NDP alliance, supported by the votes of the Bloc Quebecois for a period. Labour leaders are calling for this Coalition to form a Government and have been organizing rallies to press for this. If the Coalition does, indeed, take power next year and the impact of the crisis goes beyond its readiness to respond, the leaders of the very organizations that could lead a fight back may well be entirely opposed to mounting one. Instead, they will be focused on deal-making with 'their' Government and blocking the independent working class action that must be set in motion in the face of this crisis.

Still, the key to moving forward is precisely a working class movement that rediscovers what it is to fight back. Low-income communities and homeless people will play a very important role in such a movement and they may even give an initial lead as the crisis forces them to act out of a sheer need to survive. However, it is hard to see how a movement of social resistance can be strong enough without the labour movement, with its organizational resources and power in the workplace, coming into action. If union leaderships are not willing or able to respond effectively in the face of an attack of staggering proportions, a rank and file challenge is the only possible response. Individual locals with militant leaderships and oppositional groupings of trade unionists must link up with initiatives emerging from communities under attack. It is true that we are starting with very little that is organized on the ground but a period like this can create prospects very rapidly that might take years to generate in more normal times. Unless such an initiative emerges that can begin to organize resistance and to restore the capacity of our movements to fight back, we will be staring at the most shattering defeats imaginable. If we can offer no solutions to this crisis, the capitalists will solve it in ways we have reason to dread.

Finally, let me return to my initial point about determining who will pay for this crisis. This speaks not just to resistance in the poorest communities but to the situation of the broader working class as well. For decades now, our generally retreating movements have faced representatives of capitalism who have exuded great confidence. They felt that capitalism had won over those who might challenge it and that its victory was so complete as to represent the 'end of history.' Now, suddenly, we are seeing a system that is in profound crisis and whose political and ideological mouthpieces are much less self-assured. This crisis of legitimacy is an important element in the situation. Not only will it be possible to mobilize on the basis of demanding that the cost of this downturn not be paid by poor communities and the broader working class but growing numbers of people will be drawn to question the very system that has so obviously failed to meet their needs and offer them a future.

In poor communities, this crisis comes after a long process of pushing them down during the decades of neoliberalism. There is already anger and the realization that bad is going to get much worse will make large numbers of people look for answers. The issue is to demonstrate in practical forms of organized resistance that these worsening conditions are not unstoppable and inevitable. That is the starting point for a movement that can respond to this crisis and pose a bold anti-capitalist vision of what it is fighting for. •

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