Acrimony on Acronyms

At a recent social policy conference, both speakers were in complete agreement. The WITB that resulted from the MISWAA process was a positive development. Though different in design from the CCTB and the NCBS, it nonetheless will dovetail well with these other measures.

While a few participants nodded their concurrence with the conclusions, many of them nodded off. They clearly were not following the conversation. Others remained awake, desperately trying to feel part of the discussion. Still others – like the one who got up and whispered not so quietly that there ought to be an “acronym alert” – were simply angry.

They had paid to be part of the dialogue. The event had been billed as an educational session in which all were there to learn. Not so easy when you can’t even comprehend the basic points being made.

Acronyms have become an all too familiar part of our vocabulary. It certainly is easier to say MISWAA (well maybe not so easy) than it is to use the full Modernizing Income Security for Working-Age Adults.

And it is true that many Canadians use acronyms fairly frequently to refer to certain social programs. Seniors with low incomes get the GIS (Guaranteed Income Supplement) which bolsters their OAS (Old Age Security). Most also get the CPP (Canada Pension Plan). Not surprising, some seniors become confused. They may simply say they get ‘the old age pension’ – not really knowing clearly what programs this catchall term covers.

Many Canadians take comfort in the fact that they can rely on UI (Unemployment Insurance) if they become unemployed. At least, that used to be the case. The eligibility requirements of the program have changed so significantly that only about half of unemployed Canadians receive regular EI benefits.

Moreover, the name of the program was converted from Unemployment Insurance to Employment Insurance in 1996 – a classic
case of Orwellian newspeak applied to social policy, especially since the cheerier new name accompanied severe tightening of the qualifying rules. But many Canadians still believe that the old UI – or UIC as some still say (referring to the former Unemployment Insurance Commission that oversaw the program) – will be there for them if they are out of work.

Even the Finance Minister used an acronym when he introduced the WITB in the 2007 federal Budget. The Working Income Tax Benefit is an important new income security program that supplements the employment earnings of low-income workers. The Minister delights in the fact that the acronym is pronounced exactly the same way as the federal riding (Whitby) he represents – a rare case of humour in Canadian public policy.

So if there are many who accept and even prefer acronyms, then why be concerned?

TGR (two good reasons): Reference to programs by their letters and not by their names clearly excludes those who are not in the know. While some presenters and groups use shortened forms in an attempt to simplify the conversation, they inadvertently make it more difficult to follow when many participants or readers have no inkling about the names of the individuals or organizations being considered.

Second and equally important, the level of social literacy in Canada is distressingly low. There is generally little understanding of its basic grammar. There is a vast difference, for example, among universal, income-tested and needs-tested programs of income security. The design has significant implications for who qualifies and how much they may receive.

There is a substantial distinction between programs that supplement income and those that replace income on a temporary or long-term basis. The source of funding, whether through general revenues or social insurance, also has considerable implications in terms of who qualifies and who pays.

Core concepts in the income tax system are also not well understood, and Ottawa makes political use of this confusion in playing social policy by stealth.

A tax deduction or exemption is fundamentally different from a tax credit. A deduction or exemption provides income tax savings that increase for taxfilers in higher tax brackets. It does nothing for poor Canadians who do not pay income tax.

There are two types of tax credits. The non-refundable type gives the same tax cut to all eligible taxfilers who owe income tax; it provides no assistance to low-income households. A refundable tax credit provides its largest benefit to low-income taxfilers and a diminishing amount to those with higher incomes. The credit disappears once income reaches a certain point, which varies according to the program.

The ‘amount’ of a non-refundable tax credit listed on the tax form is not the actual sum that the taxpayer receives but merely the base from which the much smaller tax cut is calculated. For example, Ottawa sells its non-refundable Children’s Fitness Tax Credit and Children’s Arts Tax Credit as amounting to $500 each when, in truth, these benefits are worth only $75 (the ‘amount’ times the lowest tax rate, which is 15 percent). Even some
journalists and television news reporters have been snared by this tax trap.

Child benefits used to be complicated back in the 1970s and 1980s. There was a universal family allowance that paid the same amount to all families, a child tax exemption that served all but poor families and paid a benefit that increased with family income, and a refundable child tax credit that paid most to the poorest and excluded the wealthy. Years of reform through relentless incrementalism finally resulted by 1993 in a single, refundable Child Tax Benefit geared sensibly to income yet serving the large majority of families with children.

But the current federal government has resurrected two social policy fossils – the Universal Child Care Benefit, similar to the earlier family allowance, and the non-refundable child tax credit (the same as a 1980s program of the same name). So now we are back to three separate child benefits (the CCTB, UCCB and CTC). These programs work differently from one another and result in a complicated and irrational distribution of benefits overall. Few families with children can understand the operation of these programs, how much these pay and whether they even qualify. So much for transparency and rationality in social policy. But the acronym industry is working at full steam.

Lack of understanding of core social policy notions and terms gets in the way of informed debate about feasible options that can help tackle complex problems.

All groups and organizations working in this field have a role to play in raising awareness about the grammar and design of social programs. It is hard to appreciate their significance or strengths and weaknesses in the absence of this foundational knowledge. It is all the more difficult to advance and debate various policy proposals without this vital understanding.

The main components of social policy and its basic syntax need to be better identified and explained in clear language. We can all start by using full words.

There is no need to spell out the bottom line message here: Just say NO (Not an Option) to acronyms.

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