



CCPA

CANADIAN CENTRE  
for POLICY ALTERNATIVES

CENTRE CANADIEN  
de POLITIQUES ALTERNATIVES

# ***Inequality and Its Discontents: A Canadian Perspective***

***Inaugural Sefton-Williams Lecture***

***University of Toronto***

***Toronto, Ontario***

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# Overview

- **What are we talking about when we talk about inequality?**
- **Has income inequality changed in Canada?**
- **What are causes of change/stasis?**
- **What could/should policy do about it?**

# What Are We Talking About? Part I

- Used to talk about poverty, now inequality
- Gini coefficients? Top 1%? Deciles?

## CONVERSATION

- Squeezed middle class
- Concentration of income/wealth (the 1%)
- Less opportunity (un/underemployment)
- Trouble ahead (esp. with pop aging)
- **TRANSLATION: THIS AFFECTS EVERYONE**

# What are We Talking About? Part II

## MICRO

- How to get ahead (education, work hard, save and invest right)

## MACRO

- *Economic*: slowing potential output, growth
- *Political*: concentration of power, impact on institutions
- *Social*: interregional, intergenerational tensions

# What are We Talking About? Part III

## META CONVERSATIONS

**Fairness, Interdependence (*The Banker & The Teller*)**

**Purpose of Economy, Growth**

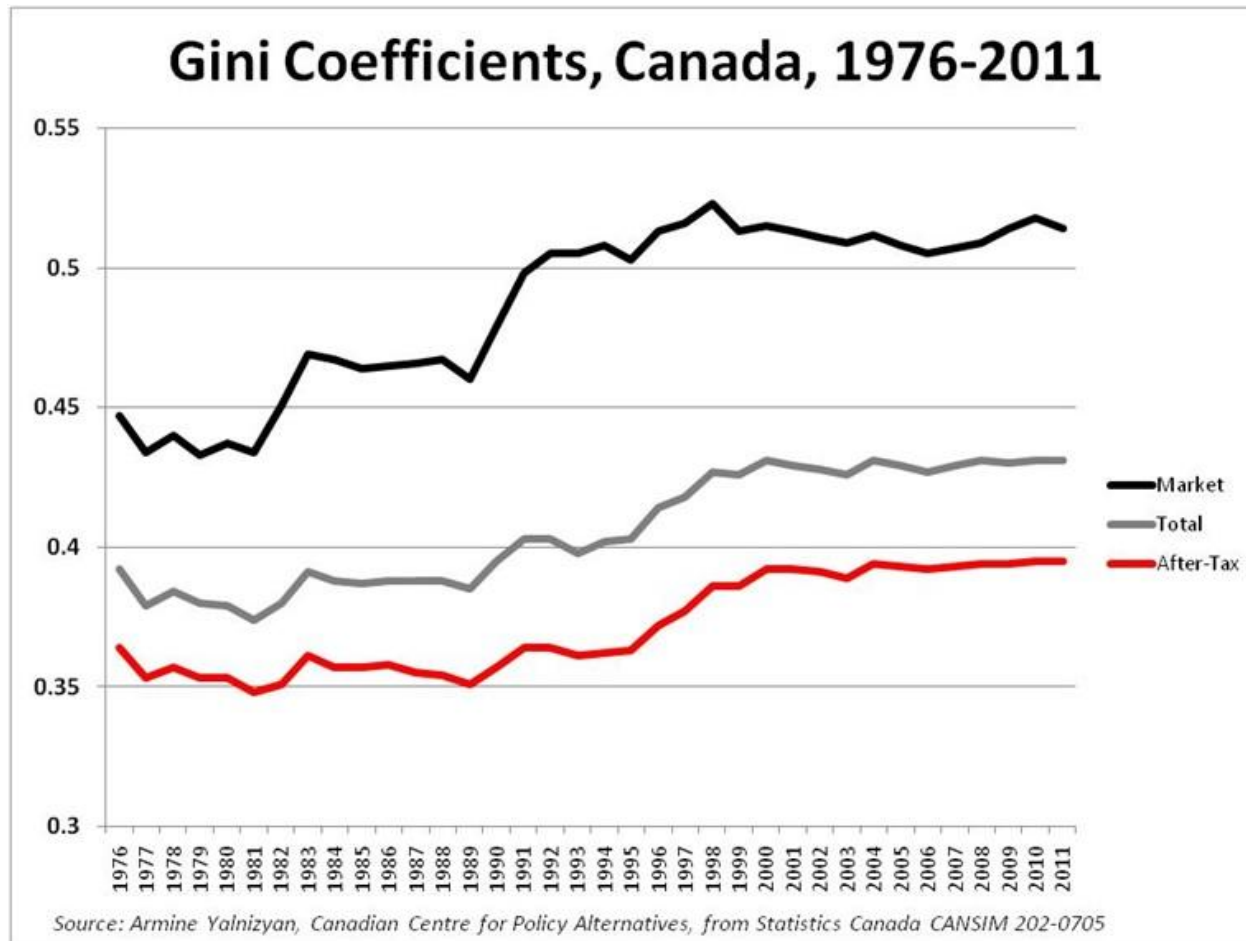
**What am I worth (Value of Labour)**

**Power**

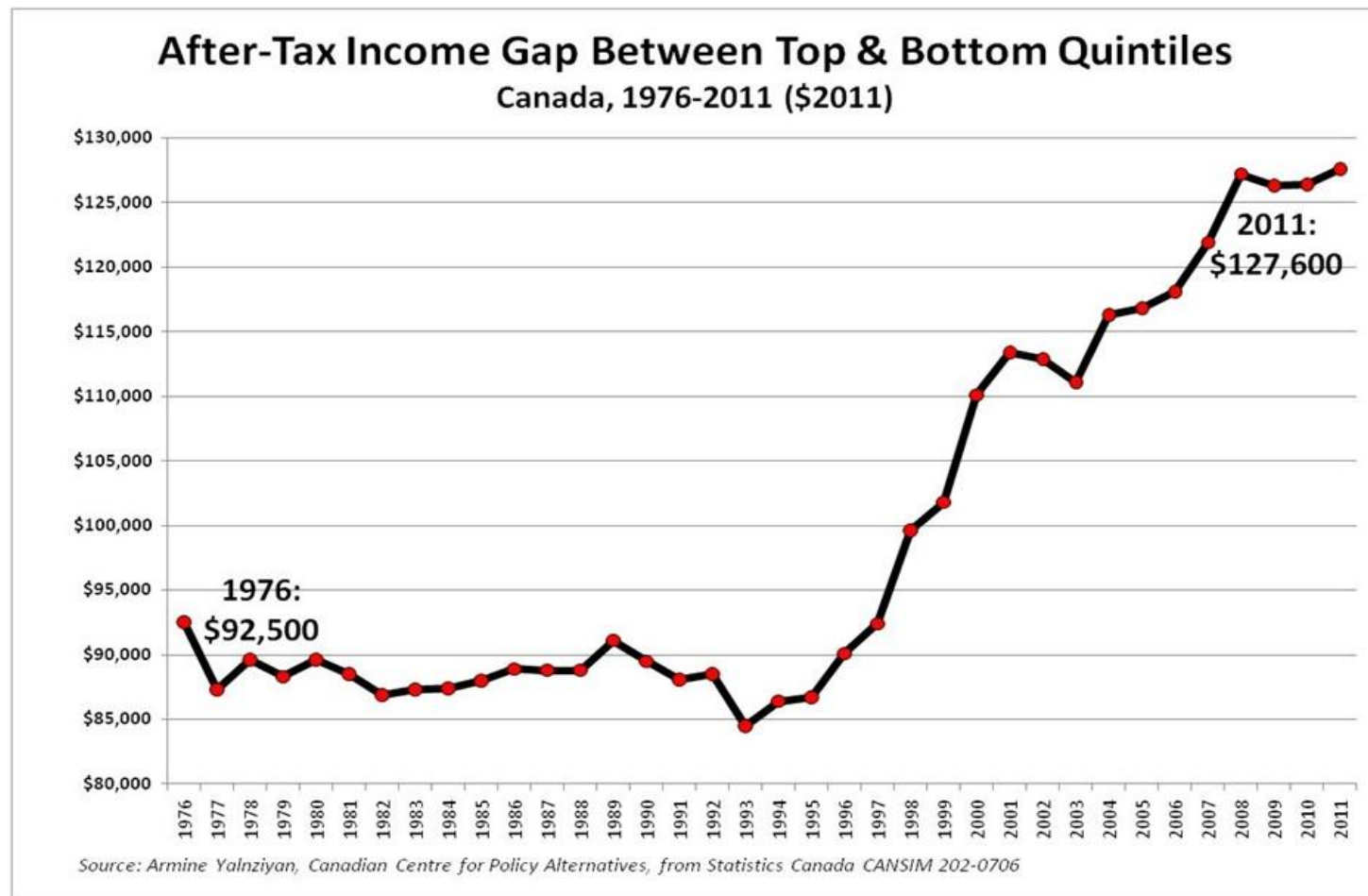
# What are we talking about? Part IV

- Not aiming for zero. Watch the trend.
- Using Gini Coefficients: OECD range from 0.2365 (Slovenia) to .5062 (Chile)
- Canada: 0.286 in late 1970s, 0.32 mid-2000s
- Of 32 OECD nations, Canada fell from 14<sup>th</sup> to 22<sup>nd</sup> place from mid 1990s to mid 2000s
- That's from above to below average equality, ....during a period of record job growth
- 15 OECD nations *reduced* inequality in this time

# Gini hasn't risen for a while = Canada not like US. Concerns over?

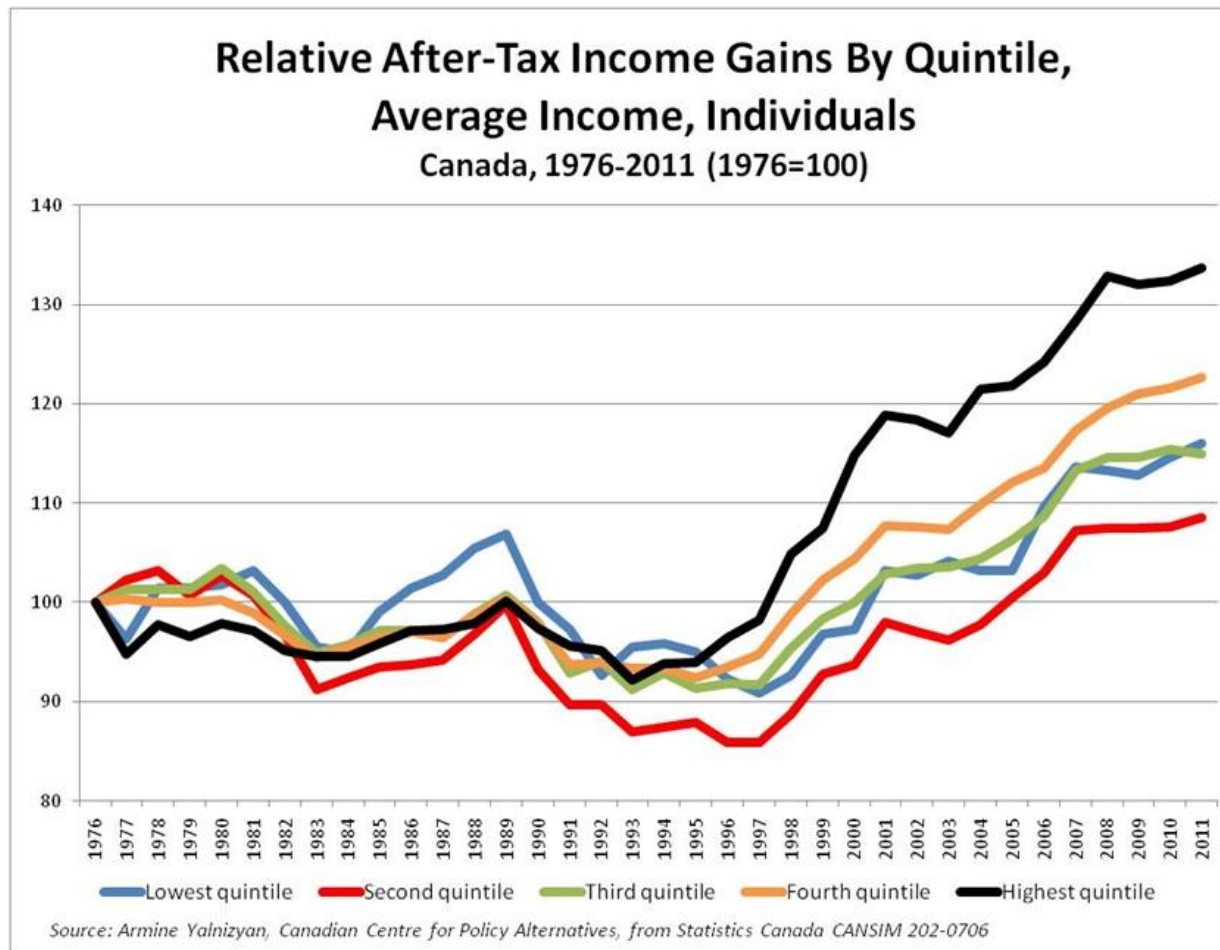


# Conference Board of Canada Shows Absolute Income Gap between Rich and Poor 20% Still Rising





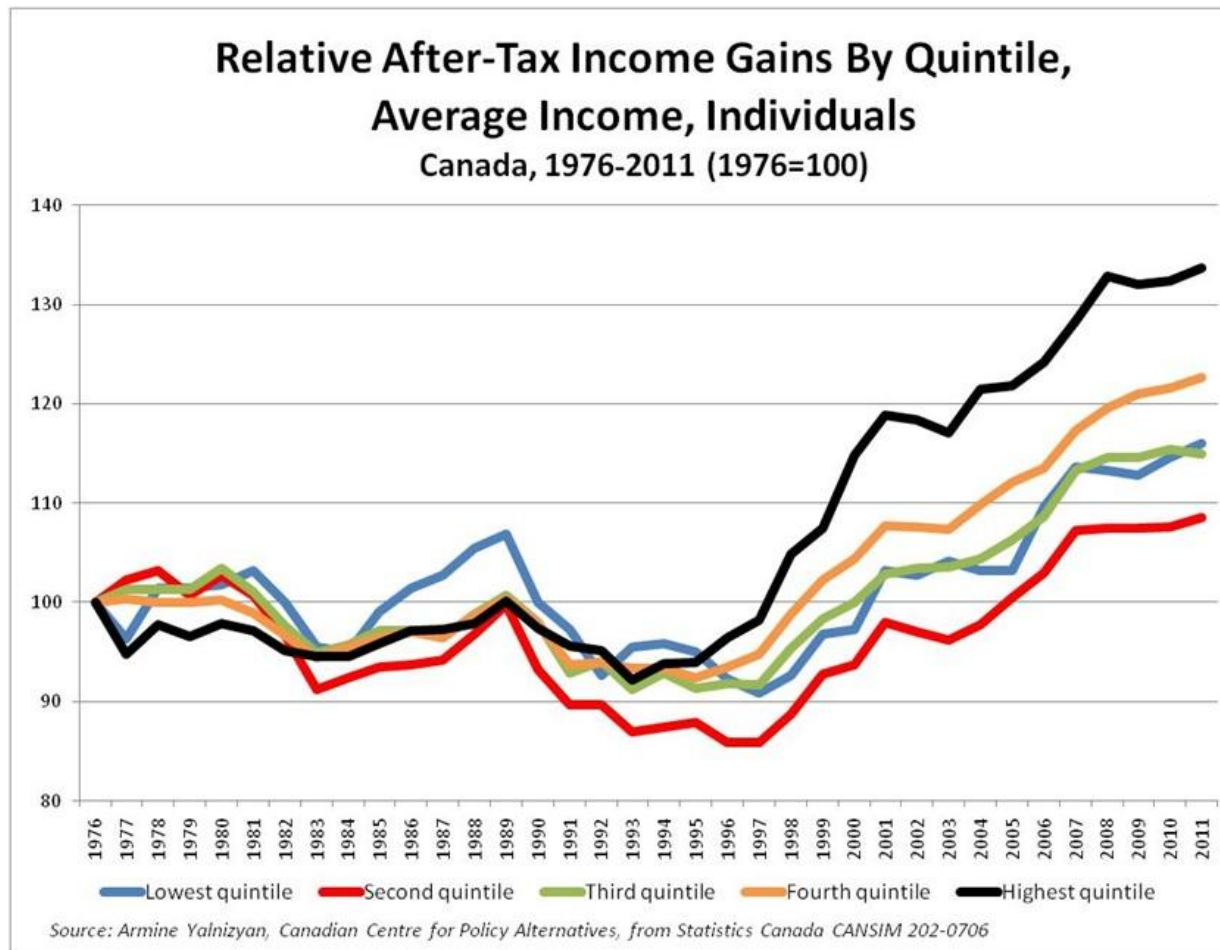
# Driver of rising inequality used to be the poor, now the rich. A concern?



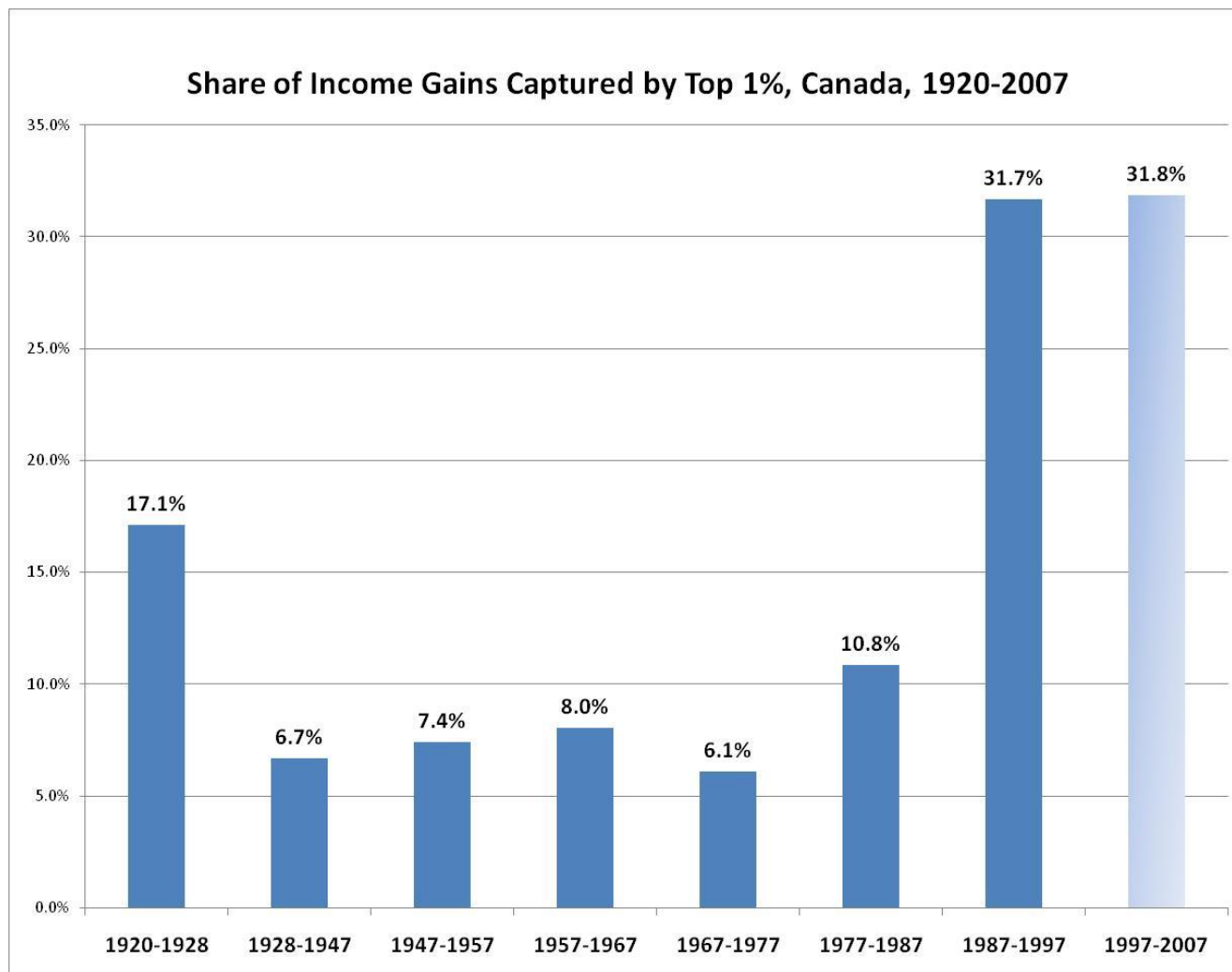
# **We Interrupt This Session For An Important Message**

- **Notice anything about those charts?**
- **All end in 2011**
- **New income survey with 2012 data came out in December, but can't compare these with existing historical data. Statistics Canada will make data available "by December 2015".**
- **No up-to-date information on income trends in an election year.**

# Driver of rising inequality used to be the poor, now the rich. A concern?



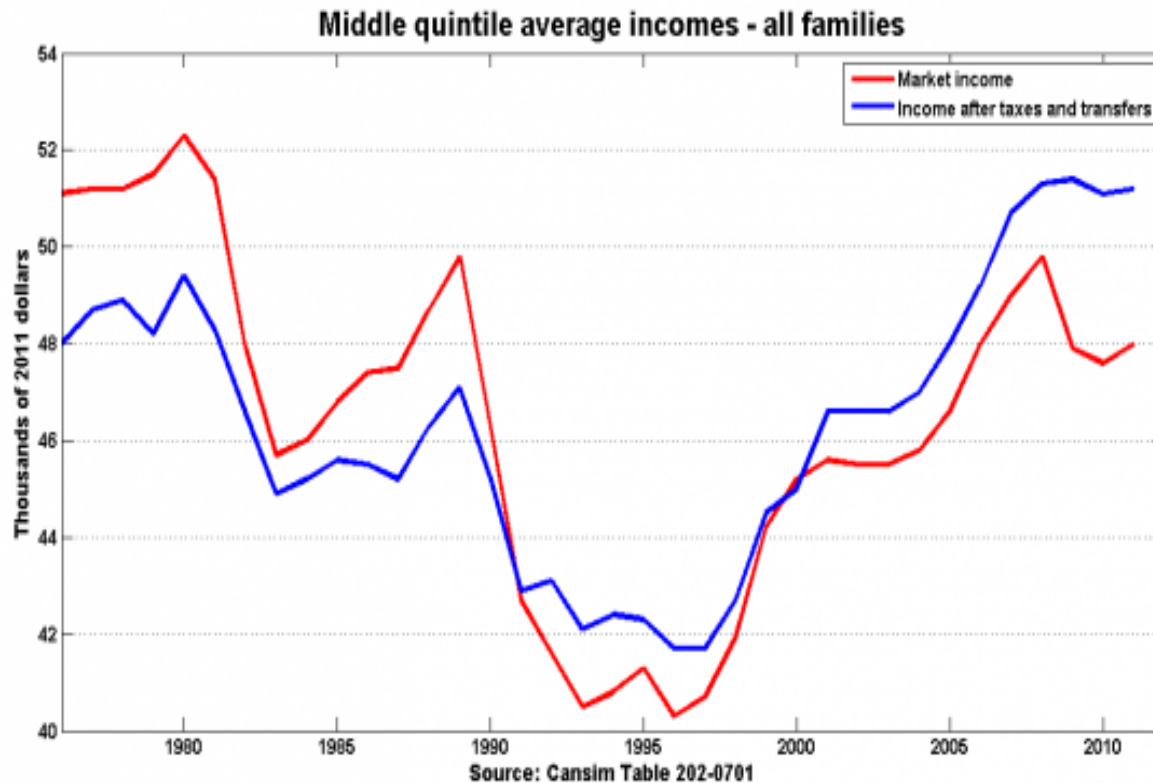
# 1/3 of all income gains going to top 1%



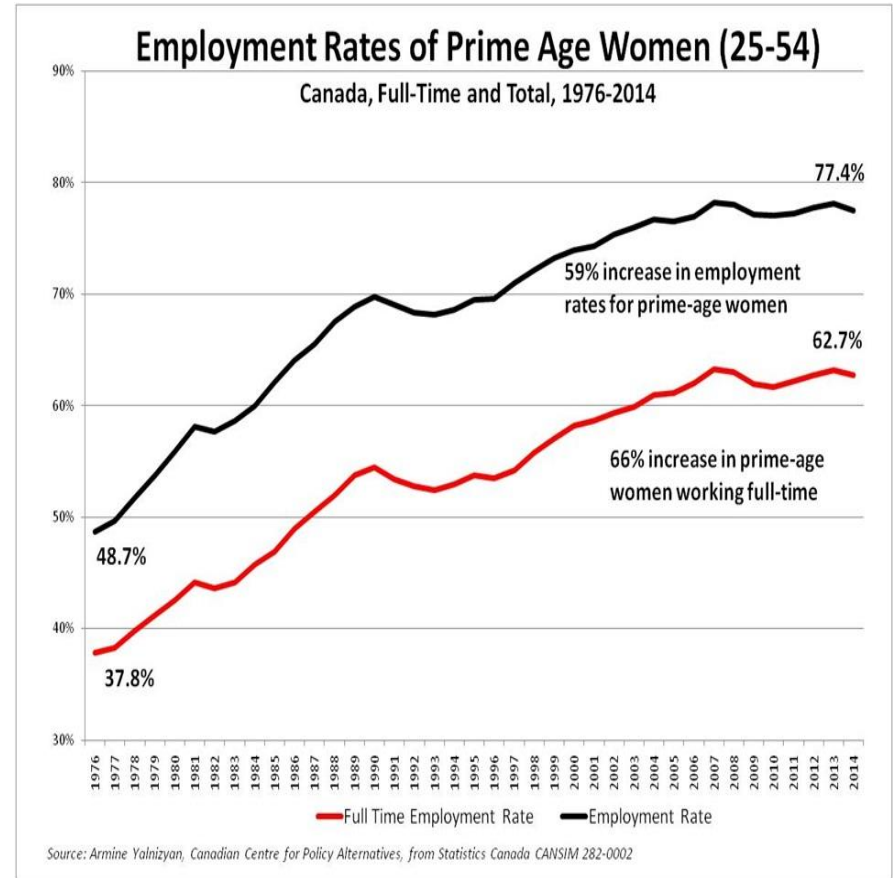
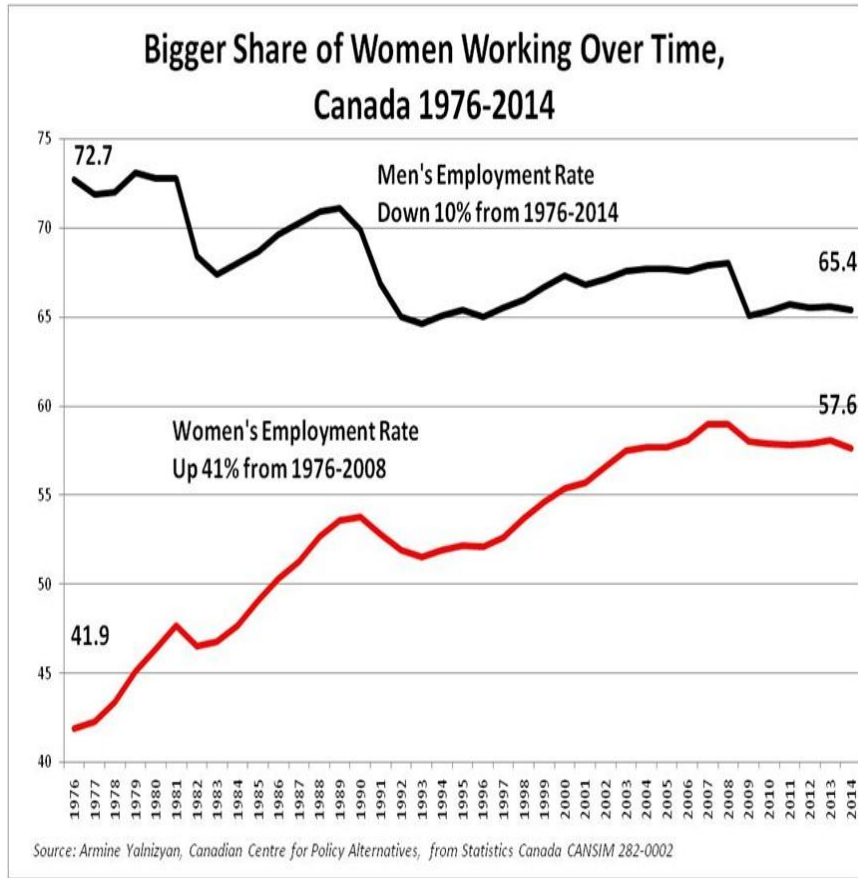
**All income quintiles saw gains since mid 90s.**

**Claim: the middle is not at threat.**

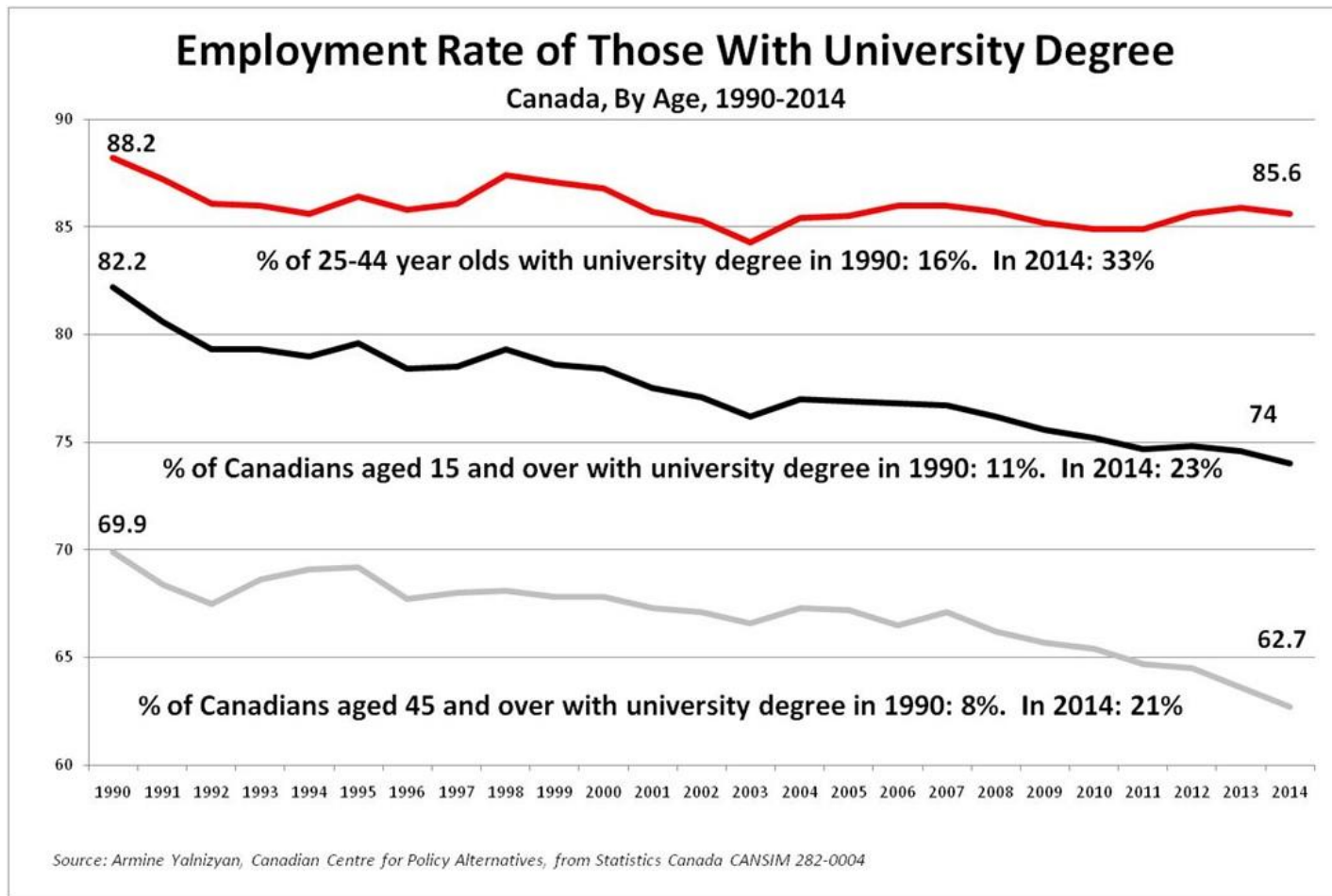
**Fact: Household income same as late 1970s, but 2 workers instead of one, more education. What's next trick?**



# Canadian women's paid work offset inequality, poverty for past 30 yrs. **Can't expand at same pace for next 30 years**



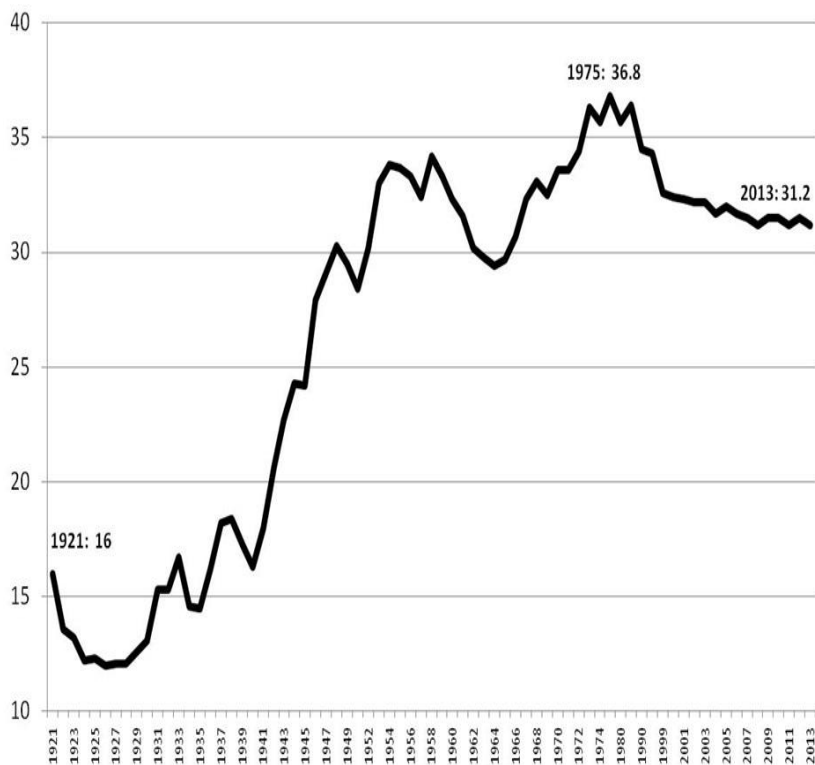
# More Canadians with university degrees but their employment rate is falling





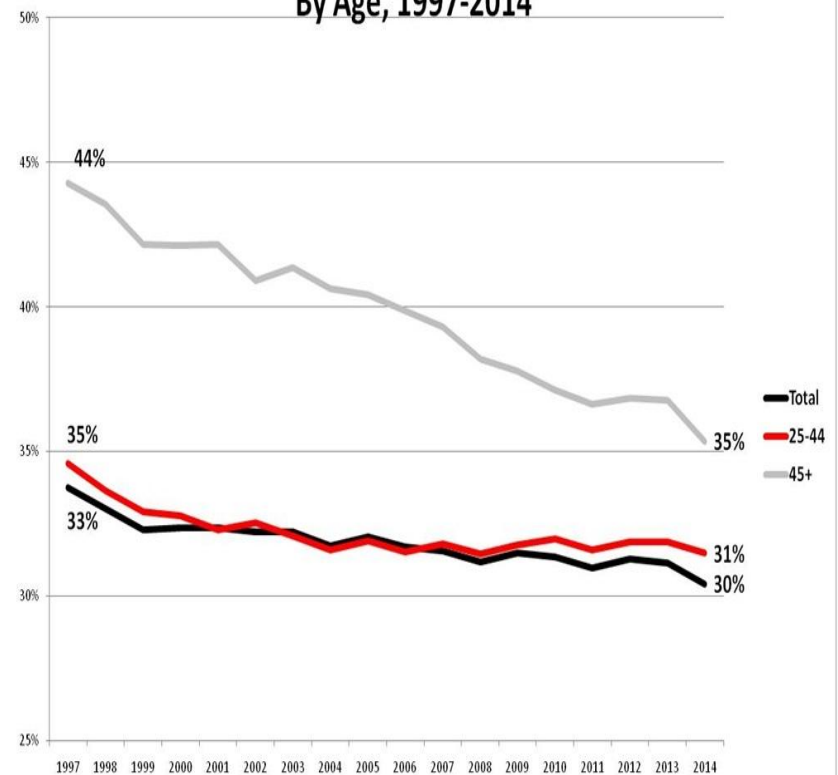
# Unionization – The Secret Sauce For Less Inequality?

Unionization Rates, Canada, 1921 - 2013



Source: Armine Yalnizyan, CCPA, based on Statistics Canada CANSIM 282-0078 since 1997; Labour Force Survey Table 79 for 1975-1997, and Series E175-177 from Catalogue 11-516-x for pre-1975.

Unionization Rates in Canada  
By Age, 1997-2014



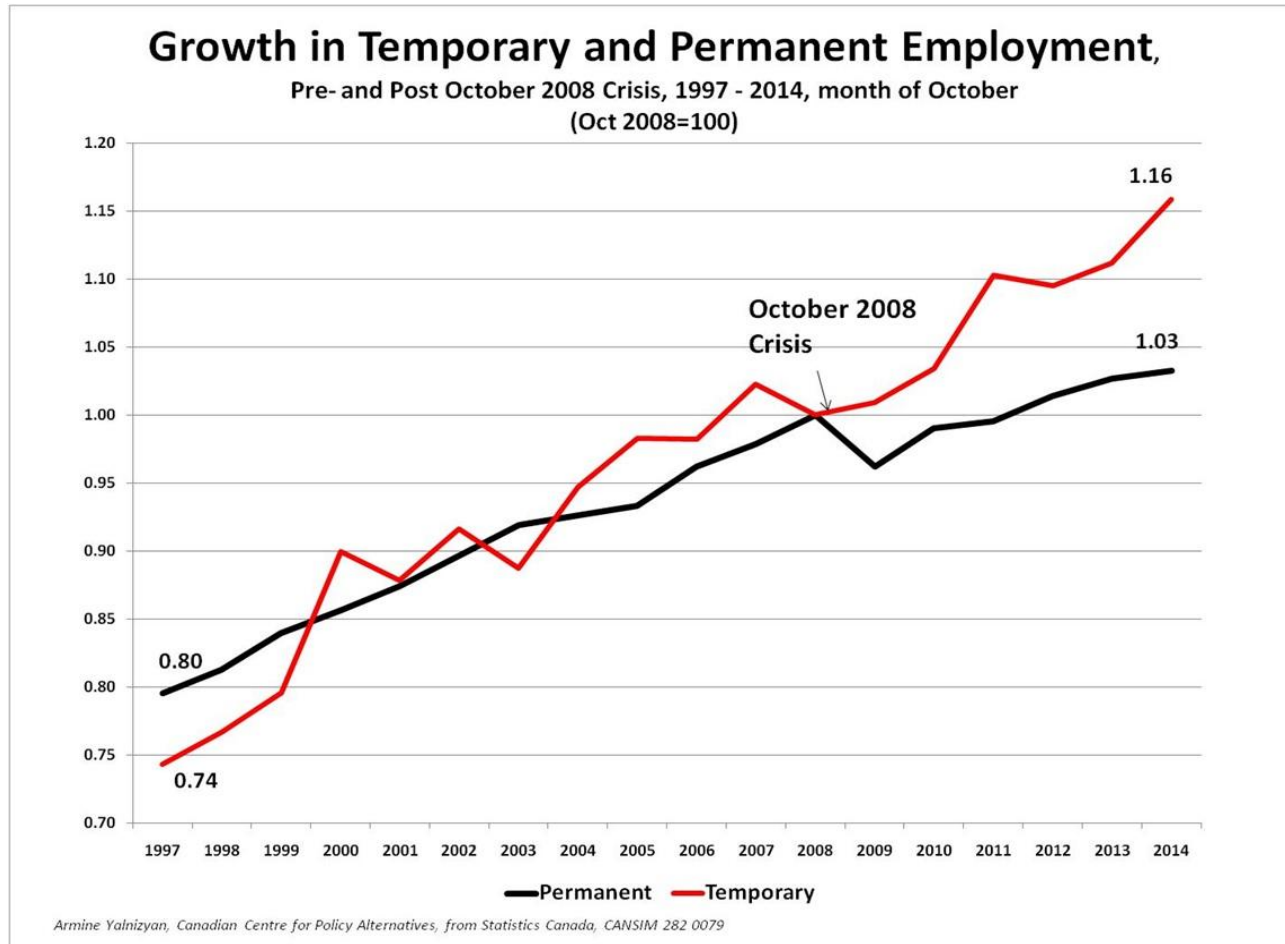
Source: Armine Yalnizyan, Canadian Centre for Policy Alternatives from Statistics Canada CANSIM 282-0078





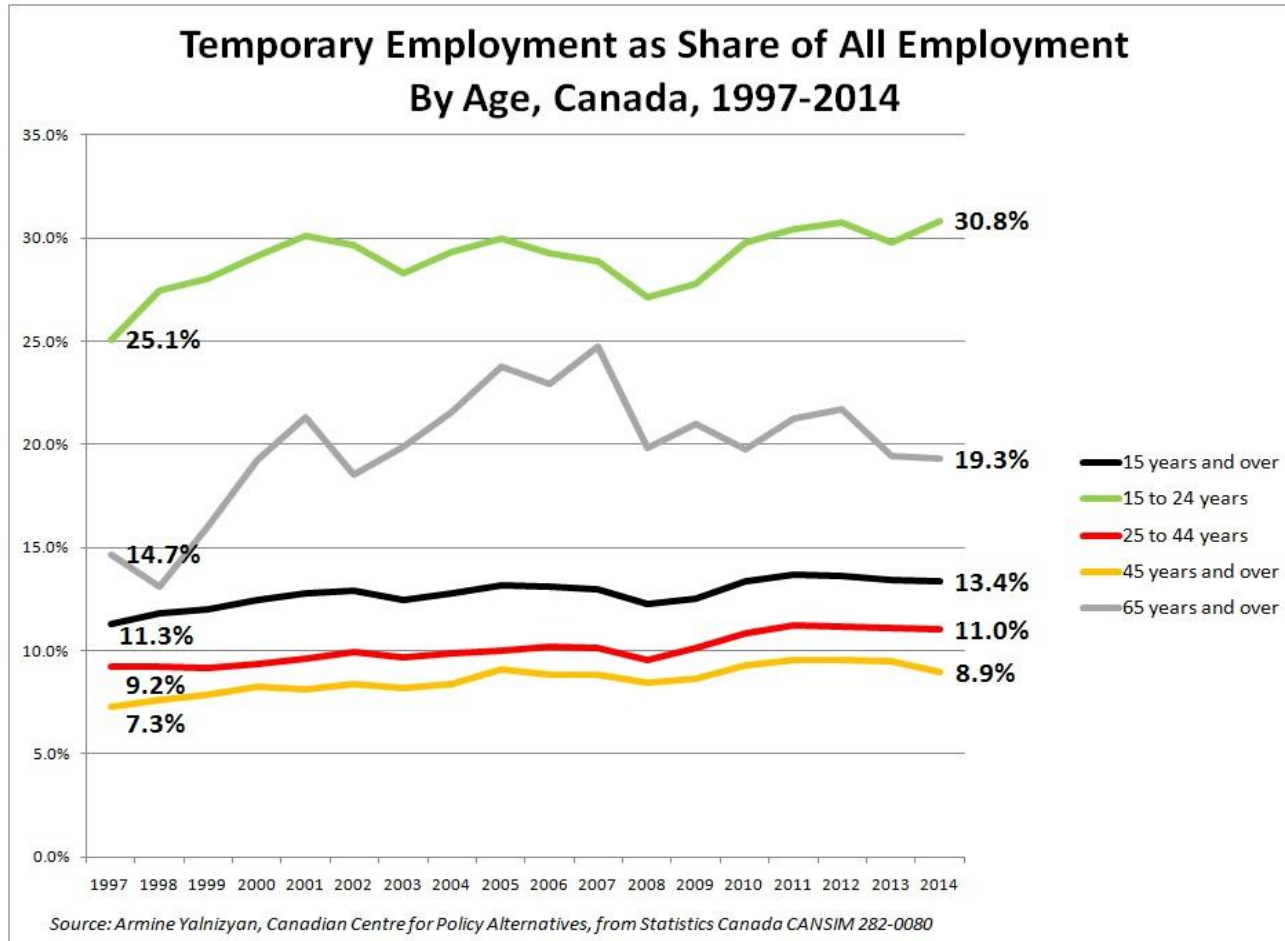
# Rise of The Temps Part I

## Temporary Jobs Growing 5x Faster Than Permanent Jobs

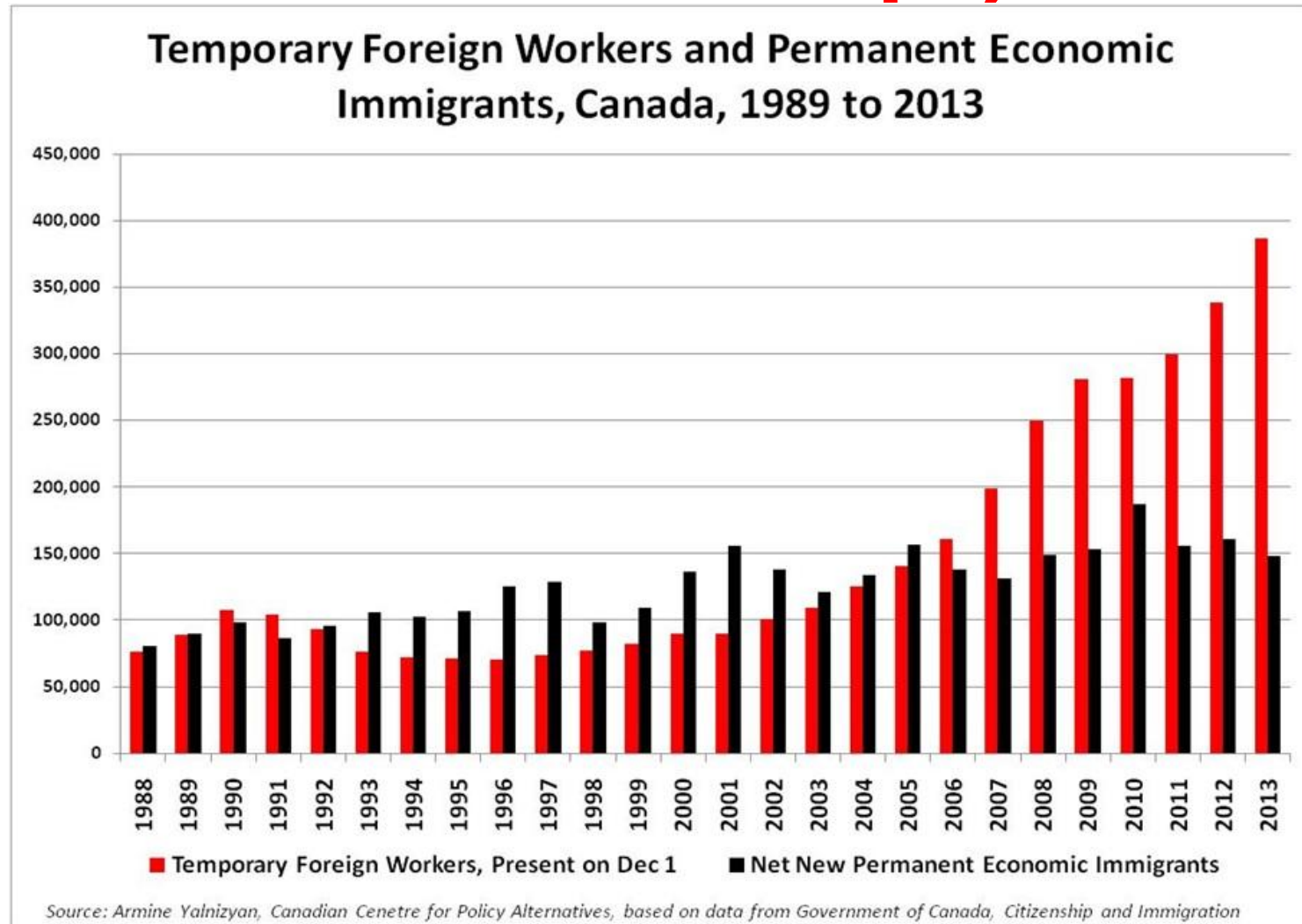


# Rise of The Temps Part II

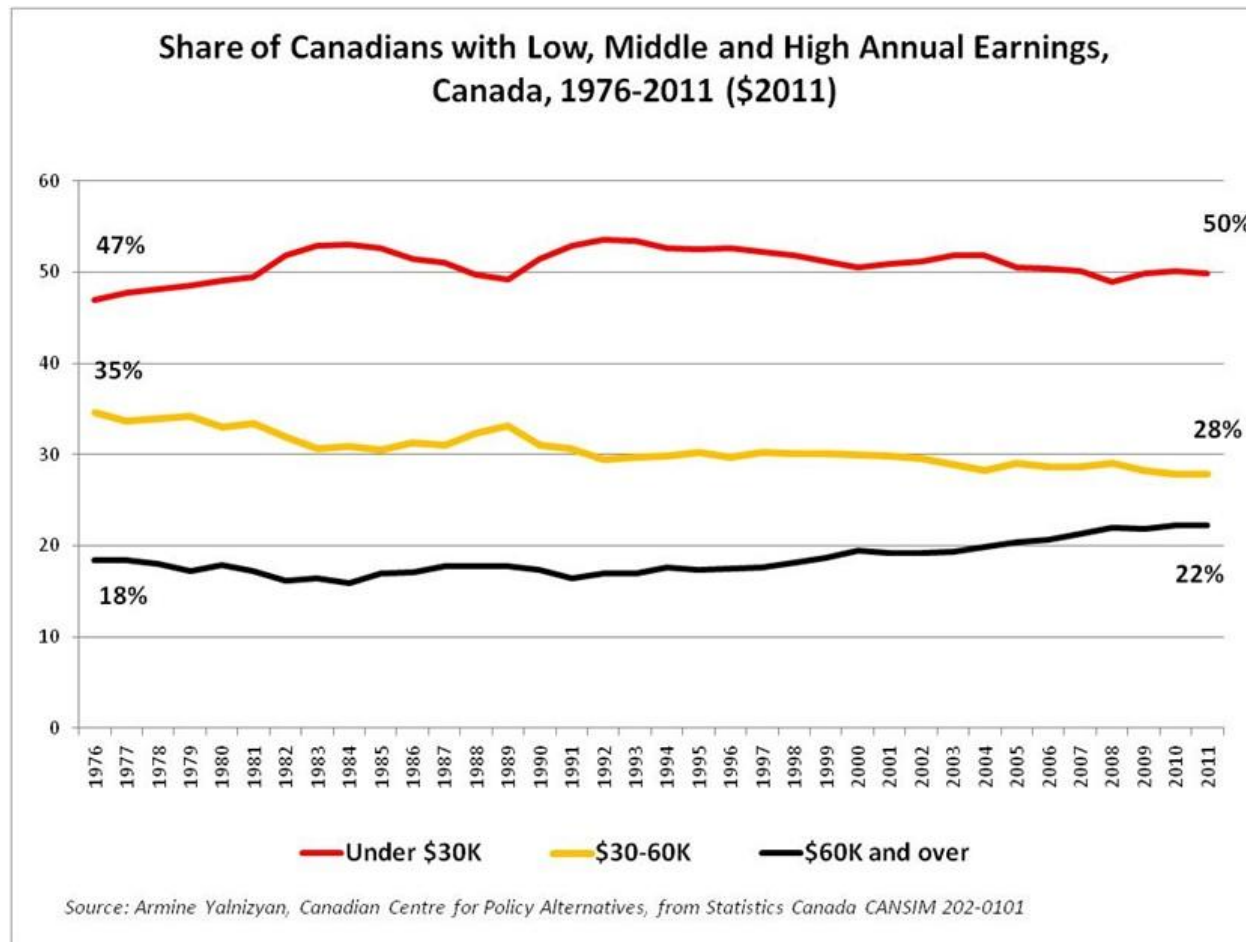
## Temp Work Share of Job Opportunities Rising for Younger, Not Older, Workers – The New Normal?



# The Rise of the Temps, Part III



# A smaller middle: Fewer Canadians earn \$30-\$60K (in \$2011) than in the 1970s.



# What Is To Be Done?

- **Reduce unemployment (bargaining power)**
- **Best policies: FIRST, DON'T MAKE THINGS WORSE**
  - Increase use of temporary foreign workers
  - Add tax cuts that benefit most affluent most
  - Undermine unions (C377)
  - Reduce access to information/data
  - Reduce access to justice (C51)

# What Could/Should Governments Do?

- **Strengthen wage “floor”: employment standards, collective bargaining**
- **Improve affordability of basics: housing, transit, health care (drugs, dental, vision)**
- **Think it forward: Invest in municipal infrastructure; pre-school and post-secondary; R&D; communications**
- **Enforce anti-trust/competition laws**

# What We Can Do

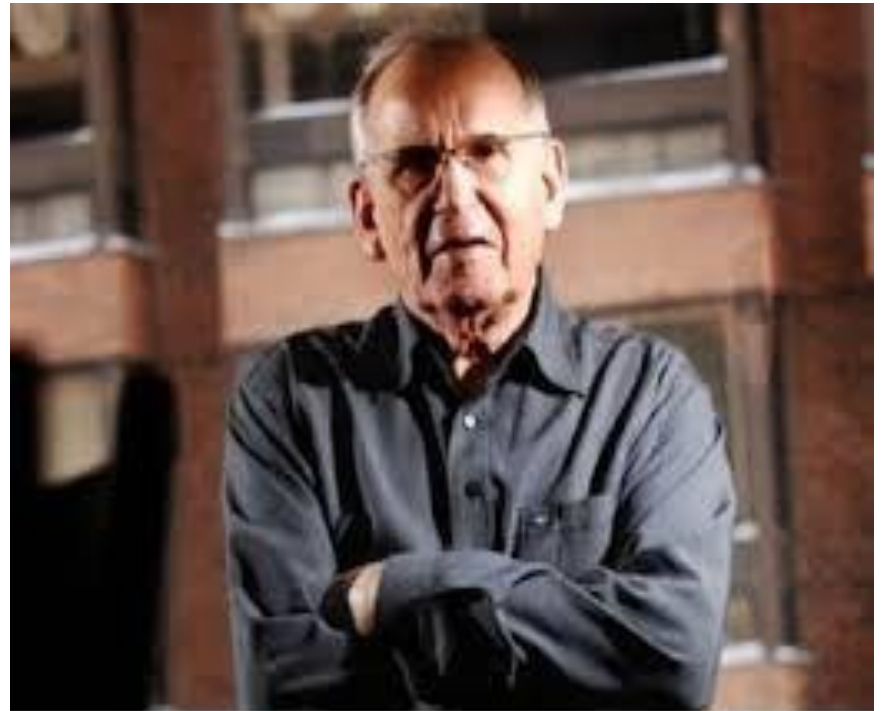
*Larry Sefton*

**Organize**



*Lynn Williams*

**Seek Greater Democracy**



**Thank You, Larry Sefton, Lynn  
Williams  
And Thanks To *You* For Being  
Here Tonight**

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