



CCPA

CANADIAN CENTRE
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Inequality and Its Discontents: A Canadian Perspective

Inaugural Sefton-Williams Lecture

University of Toronto

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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

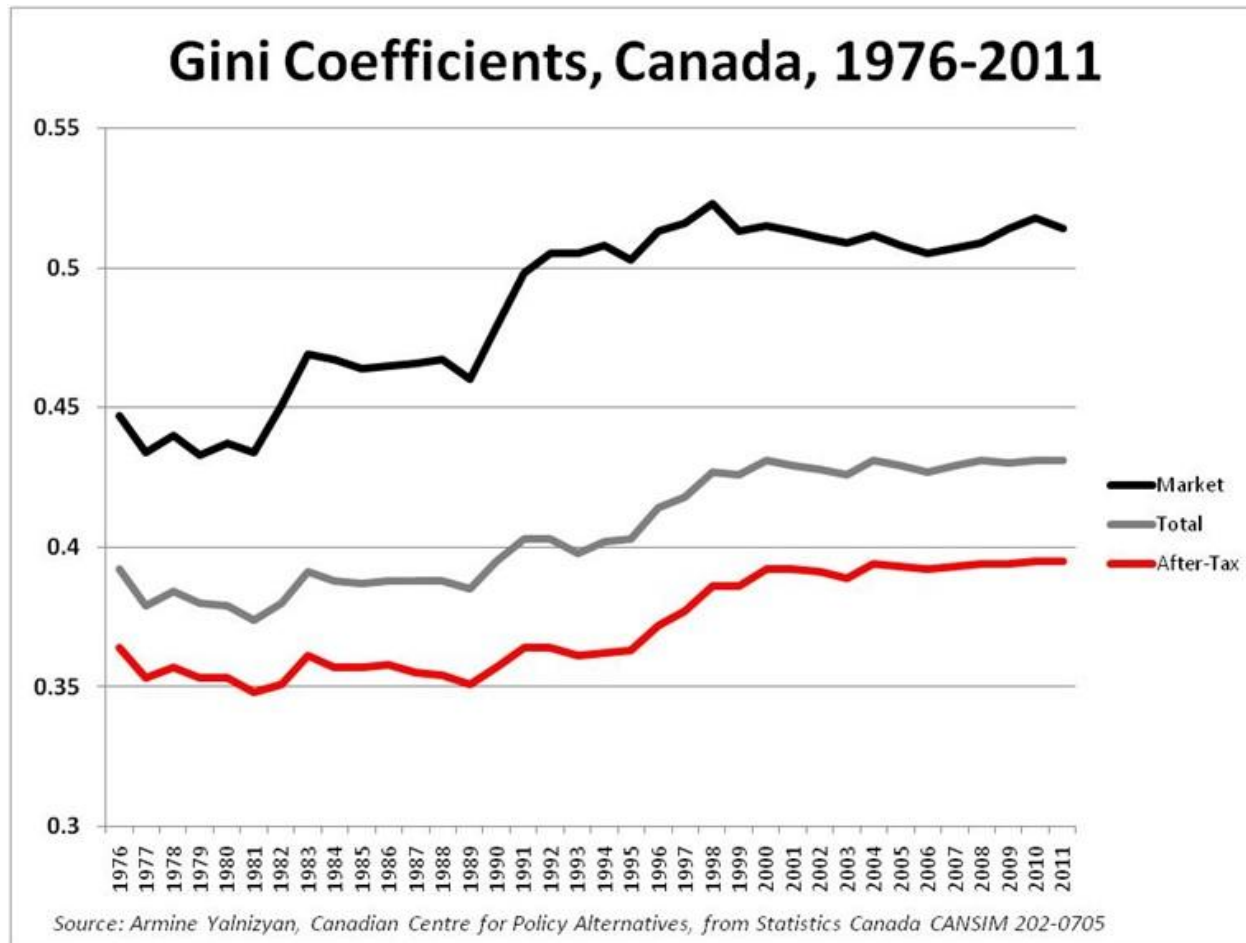
What am I worth (Value of Labour)

Power

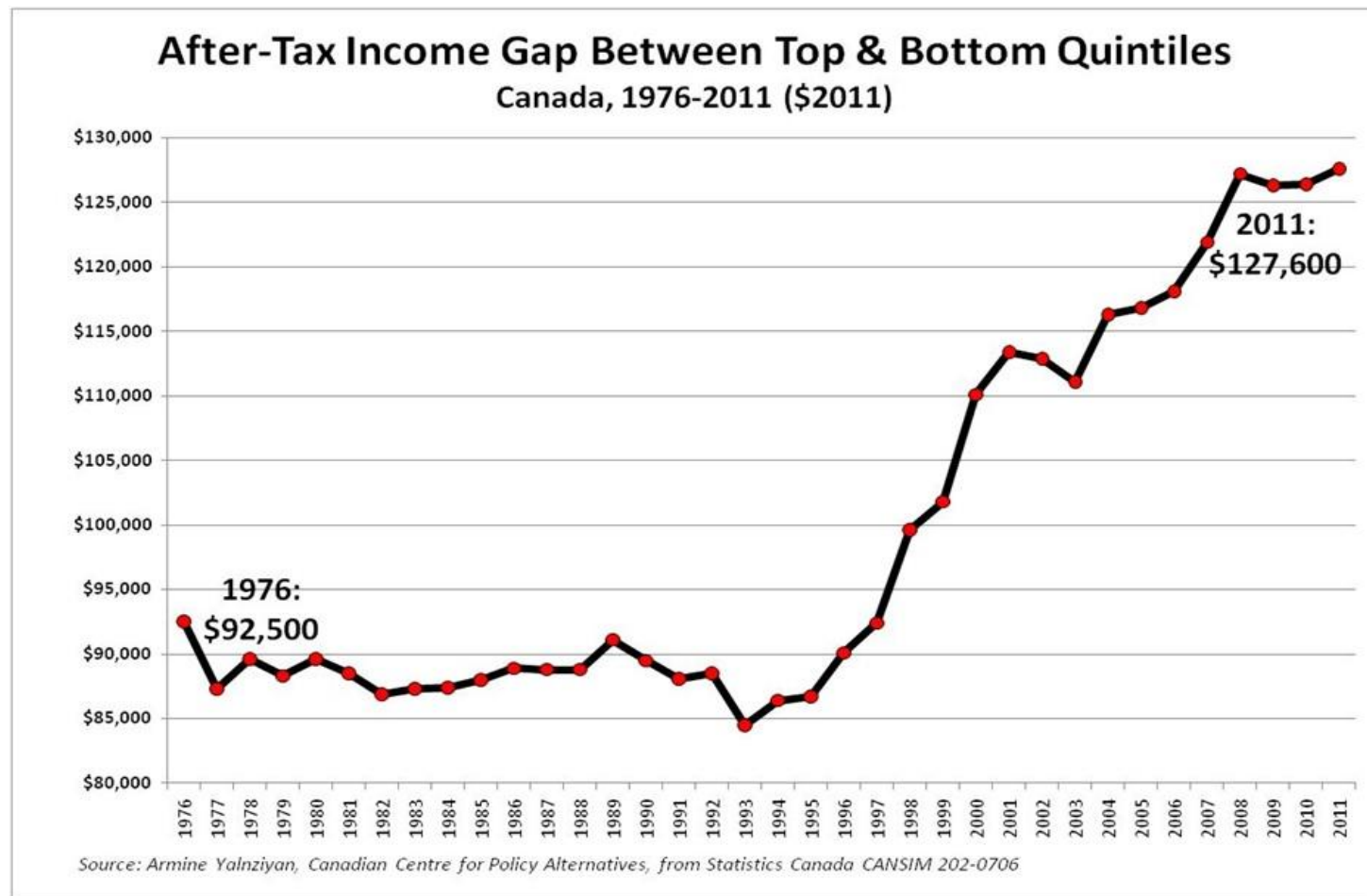
What are we talking about? Part IV

- **Not aiming for zero. It's about the trends.**
- **Using Gini Coefficients: current 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 14th to 22nd since 1990s (from above to below average equality, during record job growth)**
- **17 OECD nations reduced inequality since 90s**

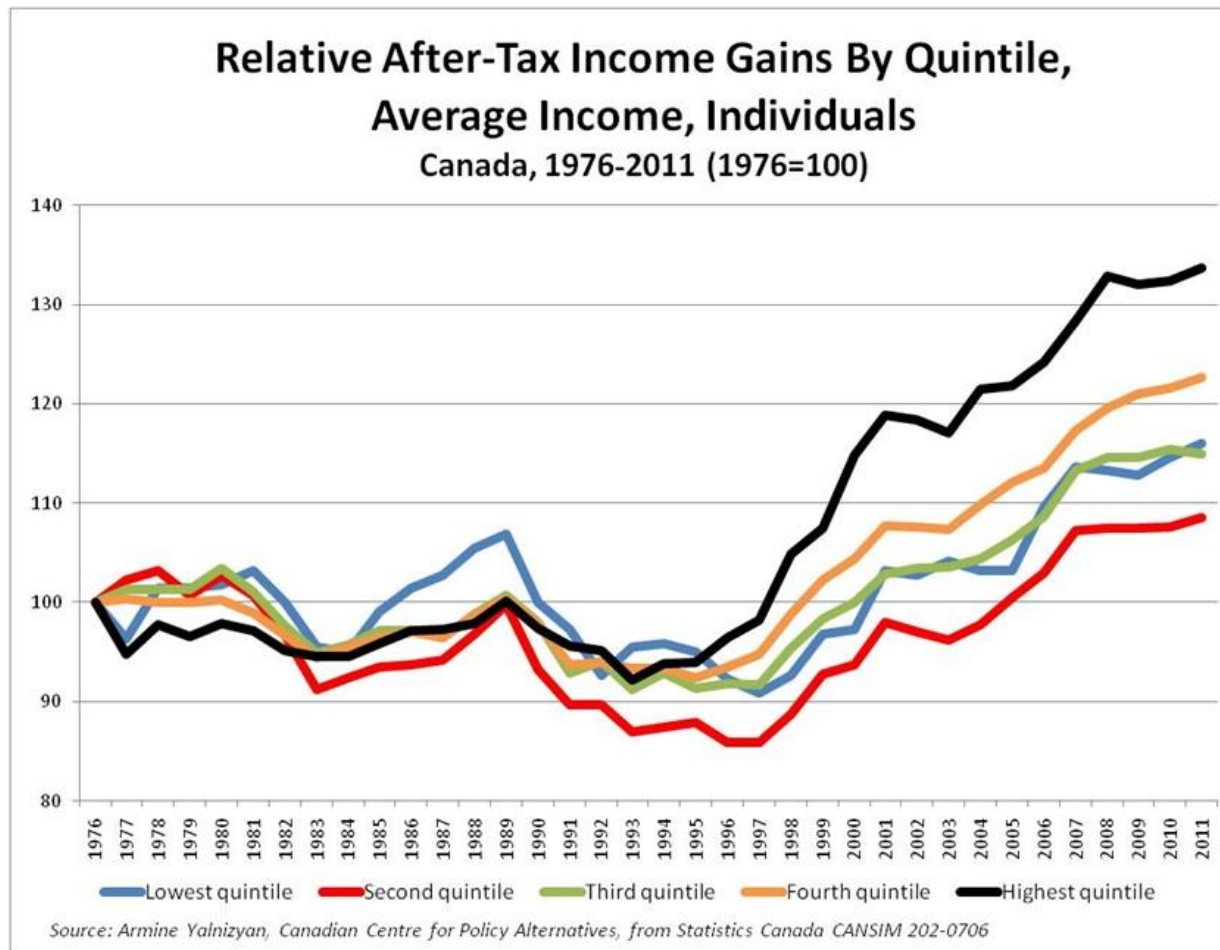
Gini hasn't risen for a while = Canada not like US. Concerns over?



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



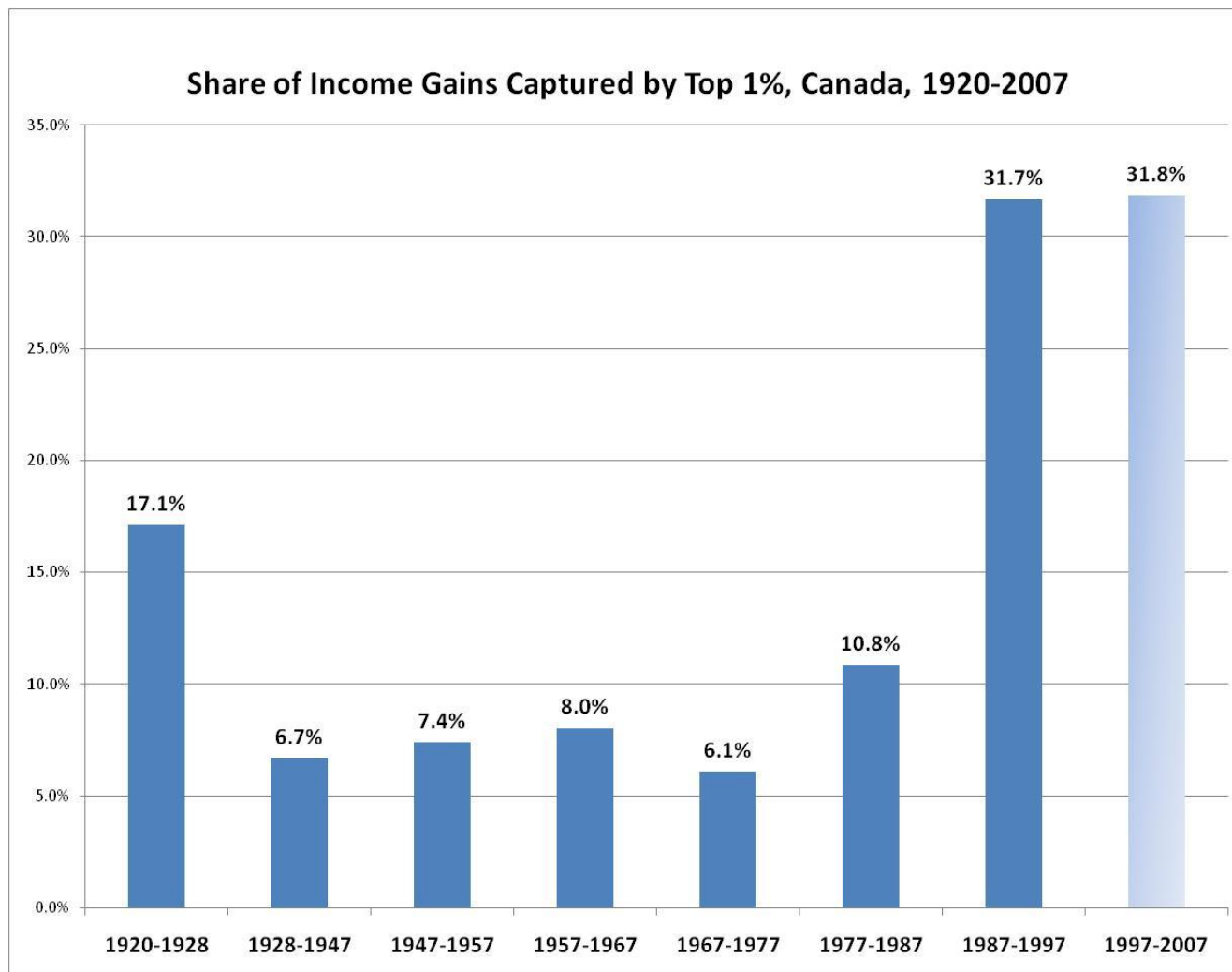
Driver of rising inequality used to be the poor, now the rich. A concern?



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. Will make available “by December 2015”.
- No up-to-date information on income trends, in an election year.

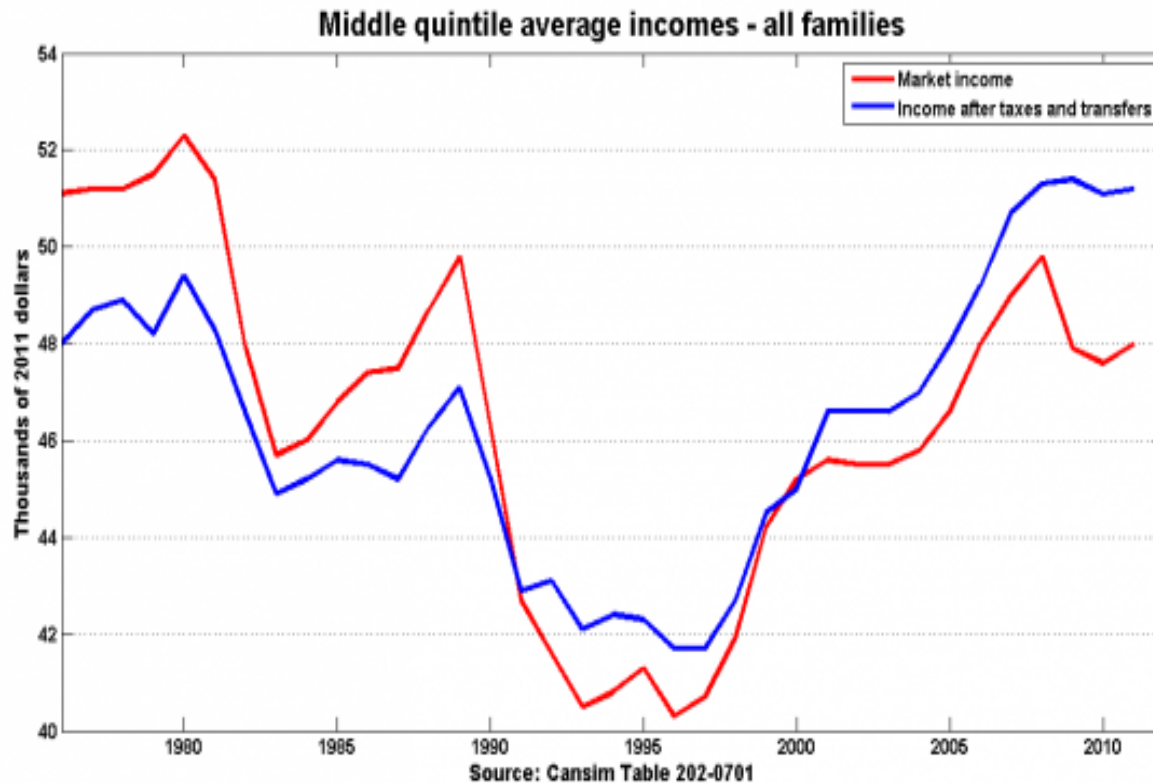
1/3 of all income gains going to top 1%



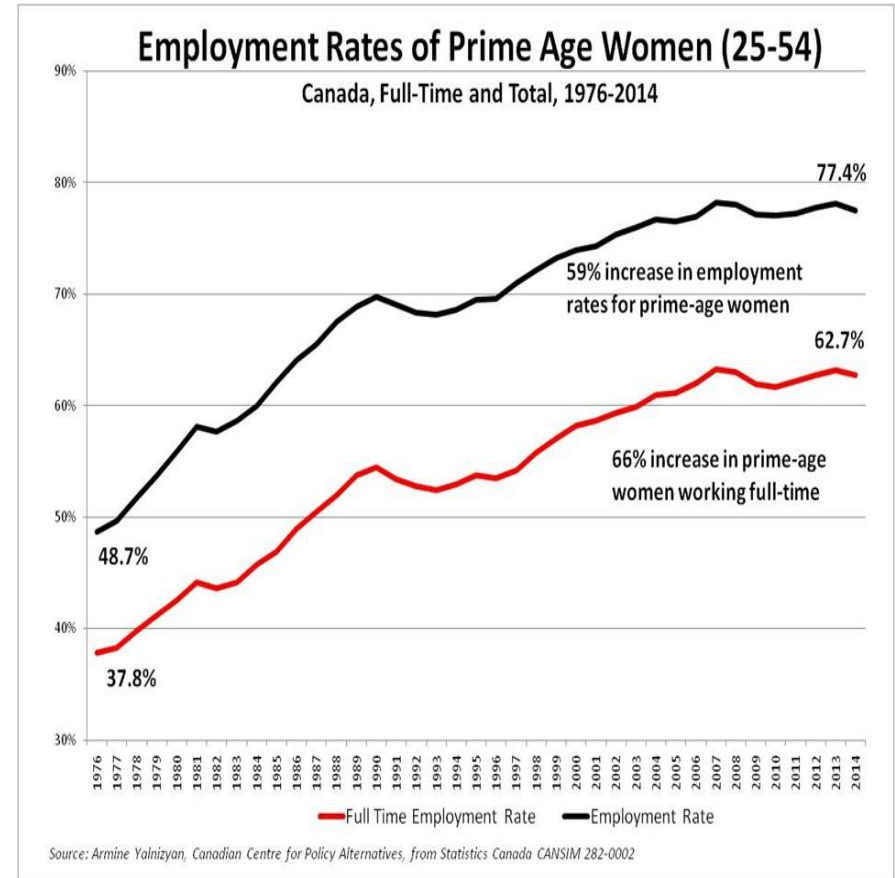
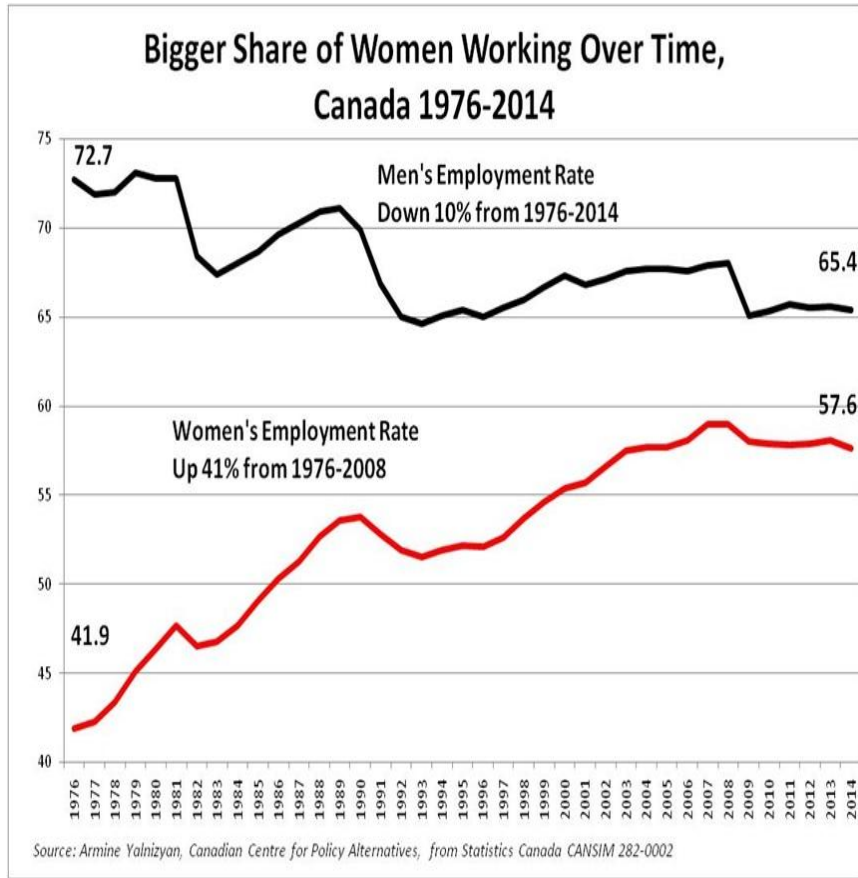
All income quintiles saw gains since mid 90s.

Claim: the middle is not at threat.

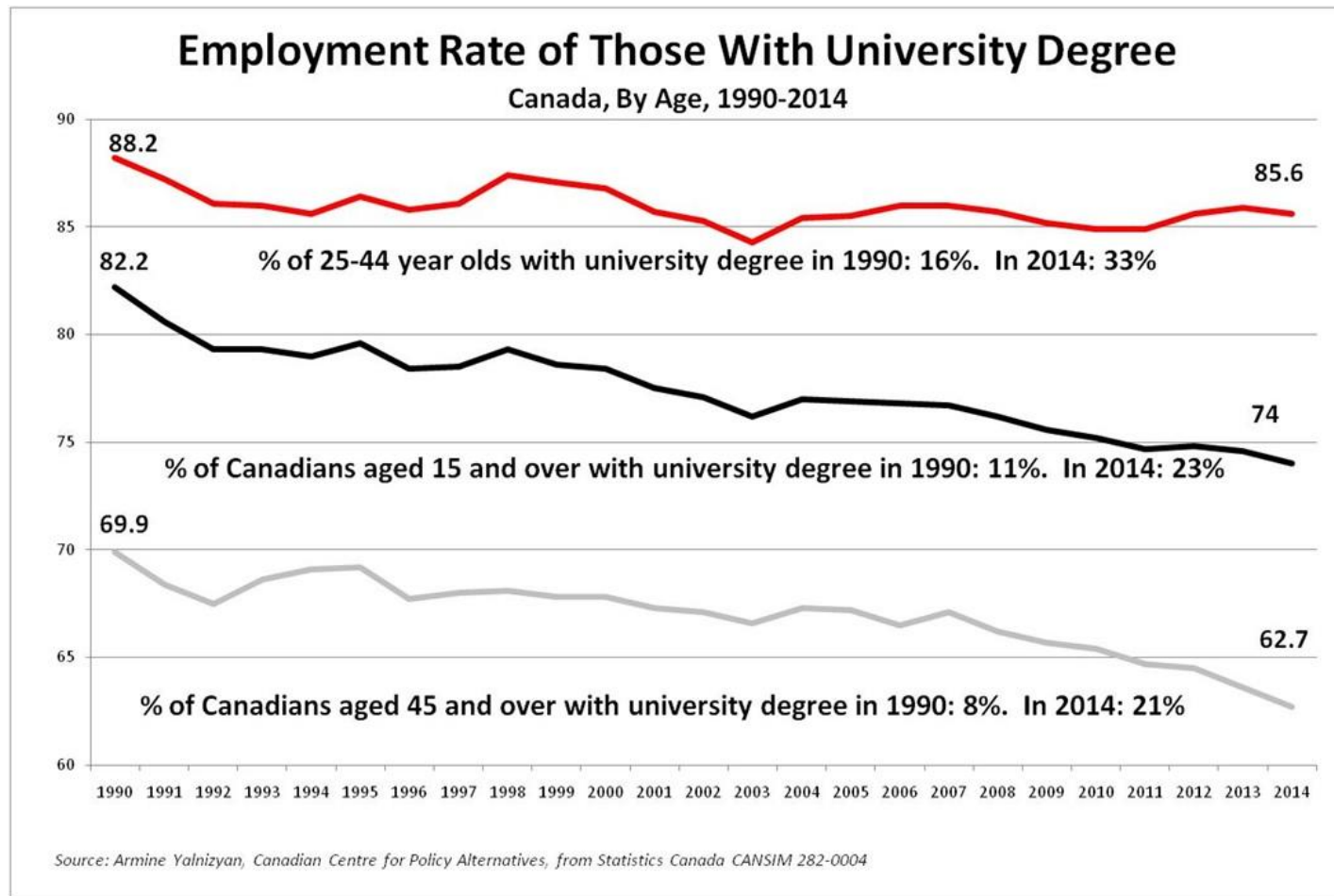
Fact: Household income same as late 1970s, but 2 workers instead of one, more education. What's next trick?



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

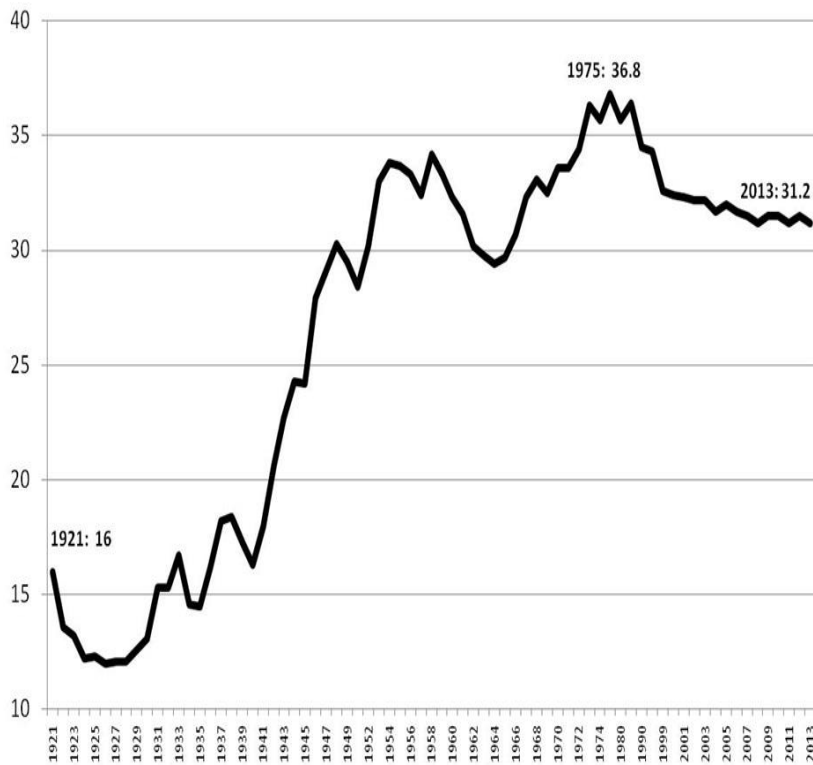


More Canadians with university degrees but their employment rate is falling



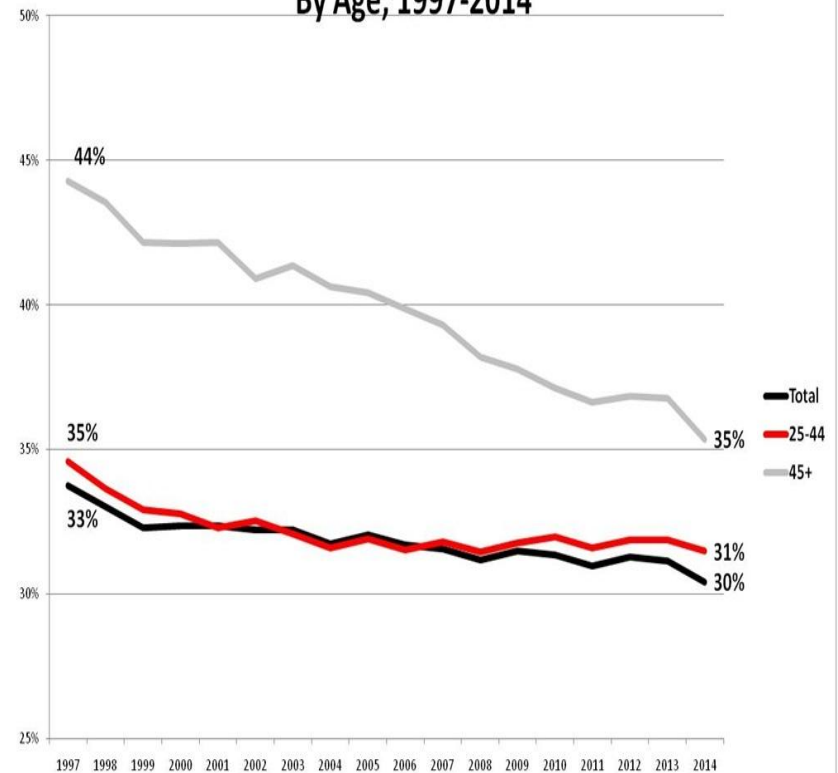
Unionization – The Secret Sauce For Less Inequality?

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.

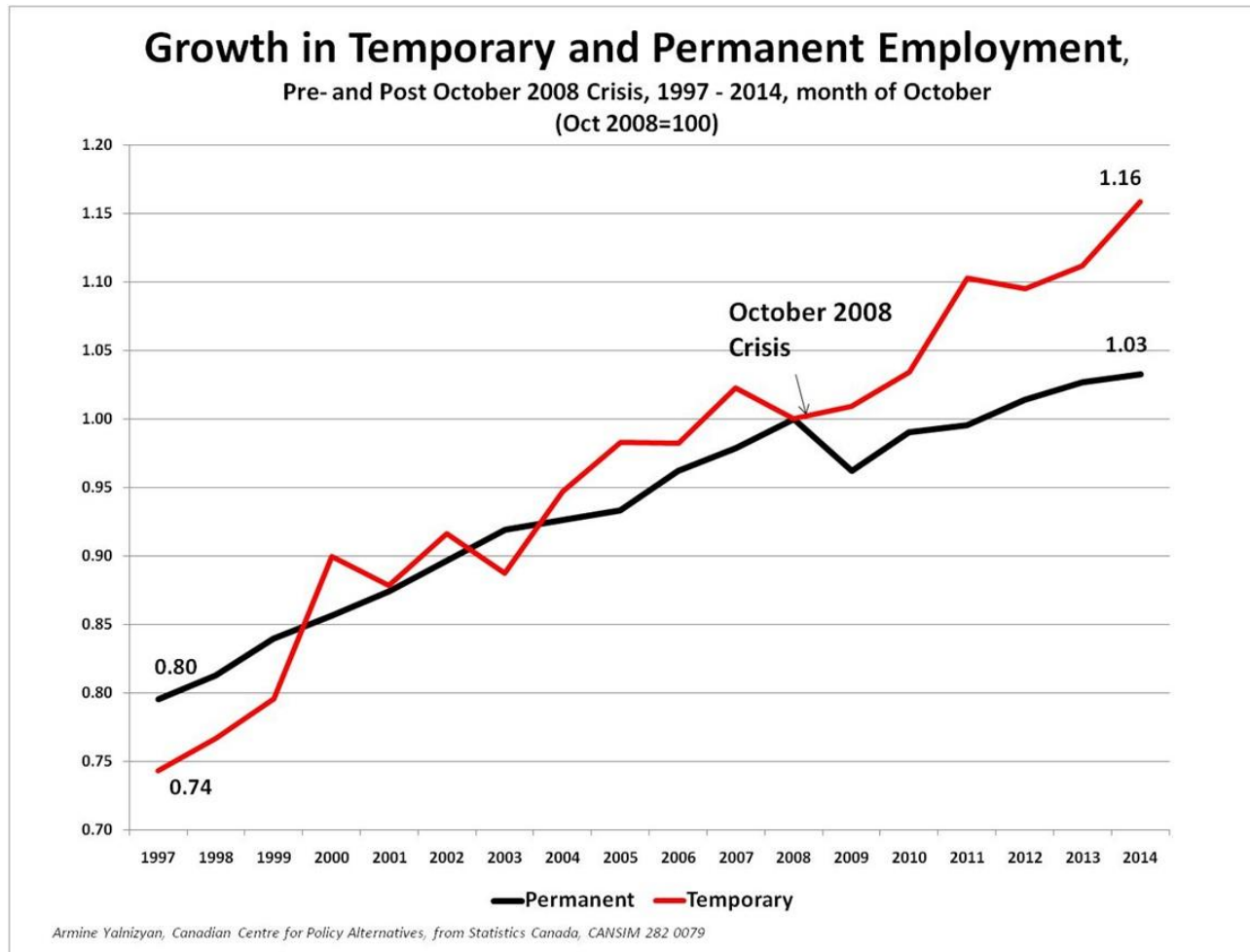
Unionization Rates in Canada
By Age, 1997-2014



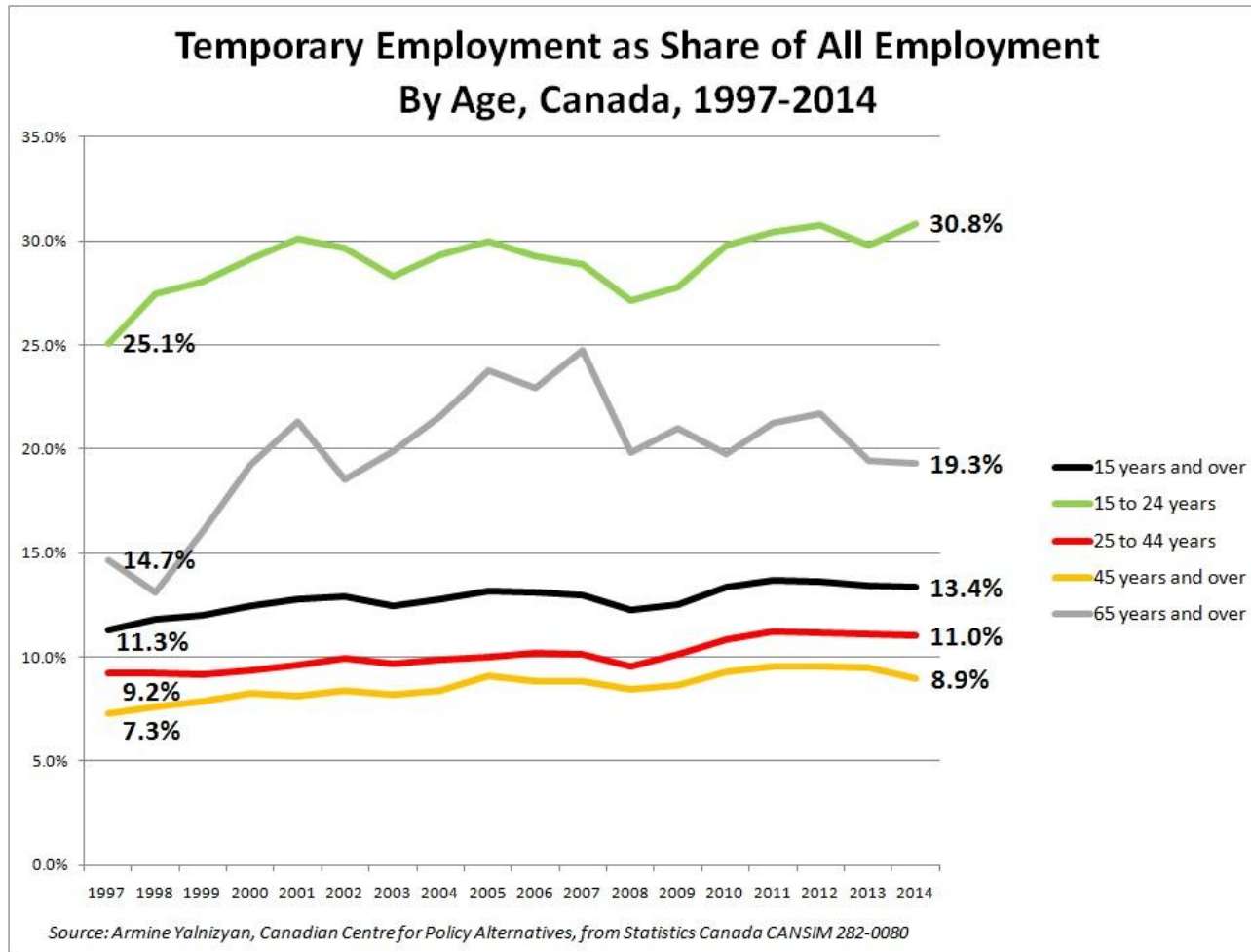
Source: Armine Yalnizyan, Canadian Centre for Policy Alternatives from Statistics Canada CANSIM 282-0078



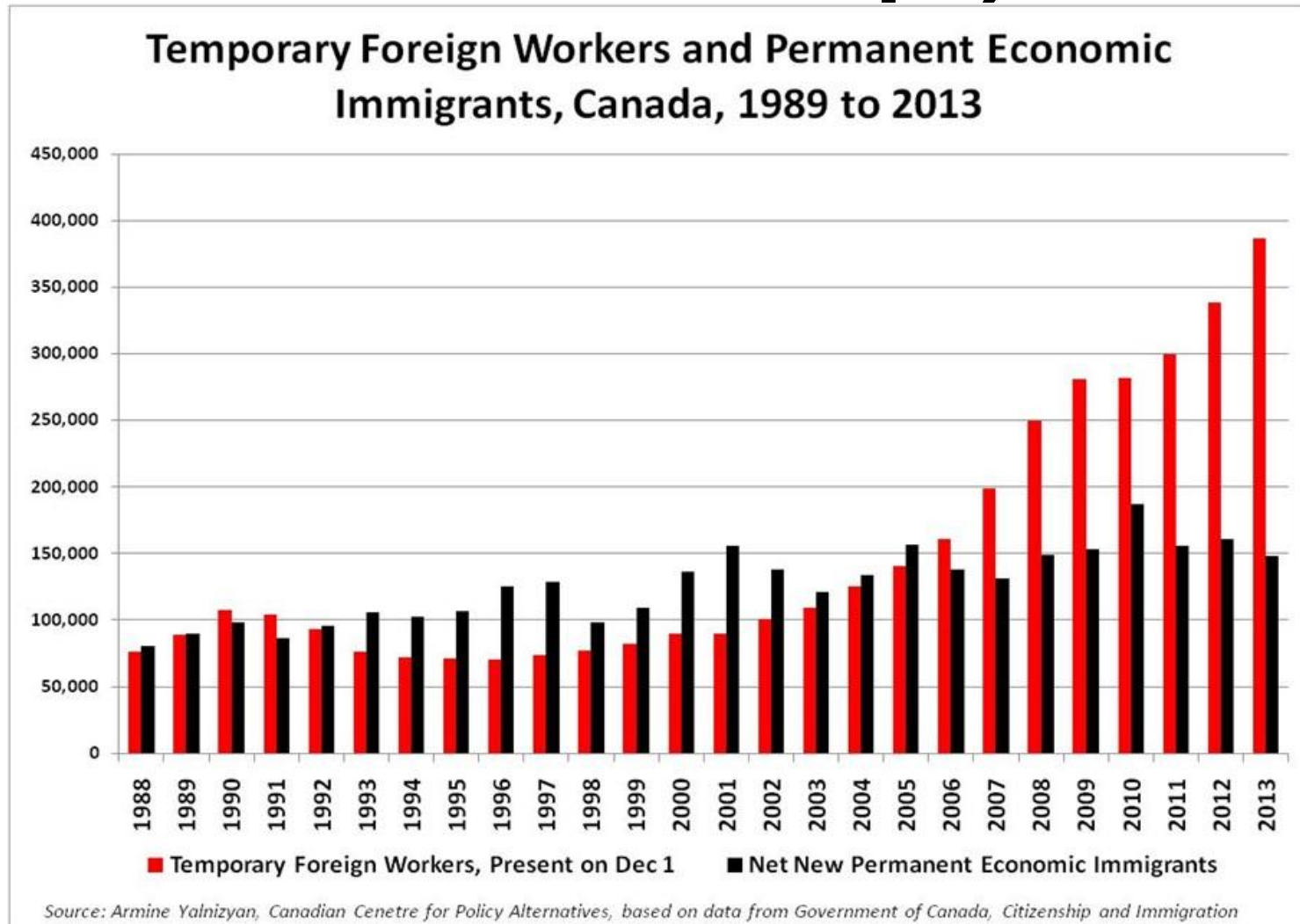
Rise of The Temps Part I



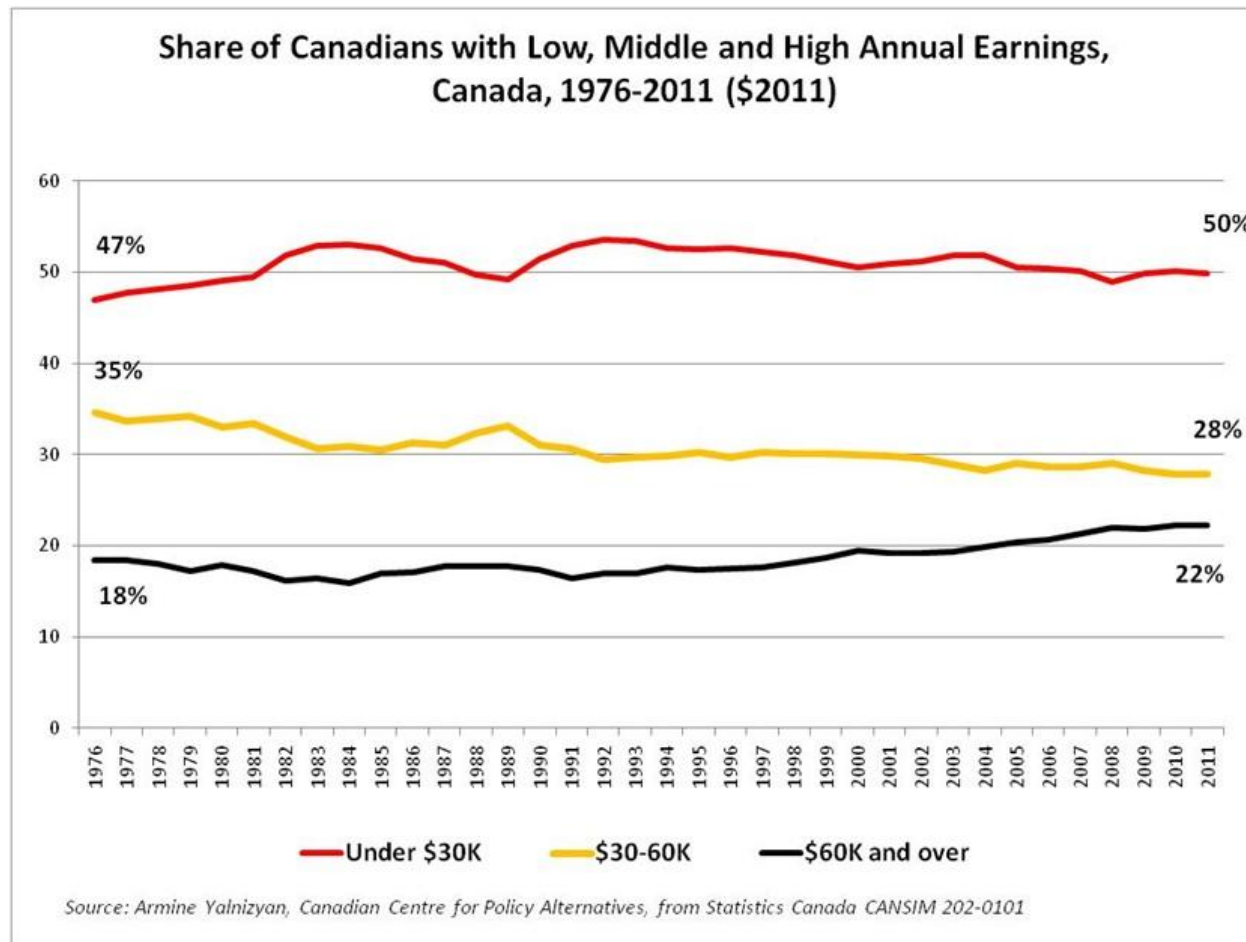
Rise of The Temps Part II



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

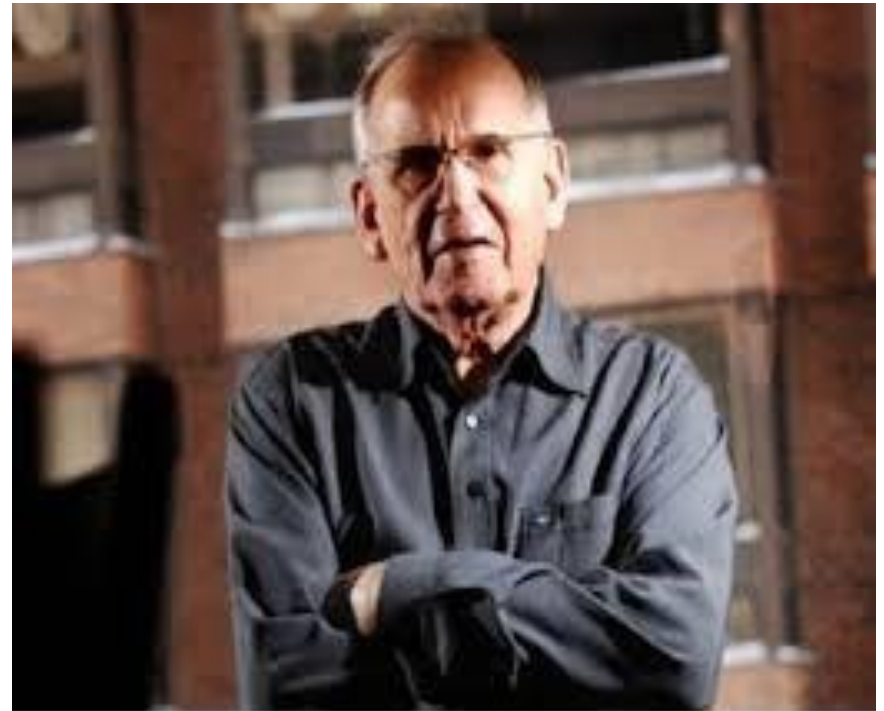
Larry Sefton

Organize



Lynn Williams

Seek Greater Democracy



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

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