

Do we care that Canada is an unequal society? ^[1]

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EXCERPTS

The poor, it is said, will always be with us. Yes, but how many poor must there be?

In Canada, there are too many poor people. The country that often likes to congratulate itself can't take comfort from an inescapable fact: We're becoming a more unequal society.

Legislative committees and think tanks sometimes work on poverty, but, for the general public, income inequalities are consigned to the dead-letter box in this apparently conservative age. Even the NDP, which takes poverty more seriously than the other parties, has taken to talking incessantly about the "middle class," figuring that's where the voters are and where the poor would rather be if they could.

The Conference Board of Canada, hardly a bastion of far-left thinking, just reminded Canadians about the growing income inequalities in their society.

The richest group of Canadians, those in the top fifth of income earners, saw their share of national income rise from 1993 to 2008. Within that fortunate group, the biggest gainers were the super rich, the top 1 per cent. And they got even richer not so much from investments but from basic salaries of the kind paid bank presidents and company CEOs.

From 1980 to 2005, the earnings of the top group rose by 16.4 per cent, while middle-income Canadians' incomes stagnated, and earnings for those in the bottom group slid.

There are various ways of measuring inequality. One is the Gini coefficient, which tracks inequality on a scale of 0 to 1, with 0 being a world of total equality and 1 being total inequality.

Canada, it turns out, ranks 12 among 17 comparable countries in income inequality. Canada's Gini score is 0.32, slightly worse than that of Australia and Germany, and far behind Denmark (0.23), Sweden (0.23), Finland (0.26) and Norway (0.27). The United States and Britain, two countries against which Canada measures itself, are the worst performers - that is, the most unequal societies of the 17. Put another way, anglophone countries are the most unequal, at least compared with continental European ones, and two of them (the U.S. and the U.K.) are also in desperate fiscal shape.

The U.S. Gini score is 0.38, reflecting the fact that income inequality is at a record high, greater even than during the Roaring Twenties. During the past decade, the top 10 per cent of U.S. earners took 49.7 per cent of income gains.

In Canada, the top fifth of income earners take 39.2 per cent of total income (up from 35 per cent in the 1980s), while the lowest quintile takes 7.2 per cent. Vancouver has the highest share of people in the lowest quintile of earners among Canadian cities; Quebec City has the lowest.

So why are we a more unequal society? That's the subject of fierce debate. Other countries' income inequalities are also growing, albeit to varying degrees, and the inequalities in big developing countries such as China, India and Brazil are much higher than anything in Canada or Europe.

It's argued that globalization rewards some of the highly skilled (and people who can manipulate other people's money, as in hedge funds, banking and financial services), while leaving others behind. Clearly, the struggles of manufacturing in North America and Europe have robbed those societies of millions of good-paying, often unionized, jobs. Some of these have been replaced by better-paying service-sector jobs; most have not.

The Conference Board notes that government transfer programs flatten out some inequalities, but not as effectively as 20 years ago. Unemployment benefits go to fewer people; welfare rates haven't always kept up with the cost of living.

Many of the Harper government's tax cuts, for example, have disproportionately benefited those better off, since they're not geared to income - as in all those itchy-bitsy bribes for sports equipment, the GST cut and the child benefit cheques that come through the mail every month.

Committees of both the House of Commons and Senate have issued reports on poverty; neither stirred much interest. Income inequalities are apparently not deemed important subjects in this self-centered age.

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