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Towards a more equal Canada: A report on Canada's economic & social inequality [1]

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Excerpts:

Inequality Undermines Common Purposes

Extreme inequality undermines the sense of shared destiny or solidarity which is essential to democratic citizenship. A marginalized underclass will rightly feel excluded from the society around it. We are not really 'all in the same boat' if high income and wealth allow some to secede from the common institutions of society and meet all of their needs from the market. The rich will have little interest in the quality of community parks and playgrounds, public transit, public education, and public health care if they live in gated communities, send their children to private schools and elite
universities, and meet their health care needs in exclusive, forprofit clinics. They will also tend to oppose paying fair taxes to promote the public good.

High income inequality threatens social sustainability. The Conference Board of Canada notes that "[h]igh inequality both raises a moral question about fairness and can contribute to social tensions" (Conference Board of Canada 2011). It makes futile the hope of getting ahead, and erodes our trust in public institutions. People don't want to play when they think the game is rigged.

Taking effective action on the pressing social, economic, and environmental issues of our times requires some sense that we are all members of a society which has important common purposes. For example, reducing wasteful consumption to deal with destructive climate change will be much harder to achieve if some people are being asked to make much larger sacrifices than others. The ecological footprint of the very affluent is much greater than that of the poor, and they should pay a fair share of the adjustment costs. Similarly, the claim that major economic changes will lead to greater national wealth will not be listened to if the benefits go overwhelmingly to those with
very high incomes, yet all of the costs of change are borne by average and lower-income workers. Fair outcomes are needed for people to join in shared social goals.

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More Equal Societies are Better for Everyone

The consequences of higher inequality are certainly experienced most harshly by those at the bottom, especially the marginalized who suffer from many overlapping sources of disadvantage, such as low income and racial discrimination, and living in especially disadvantaged communities. We all know that poverty has real consequences for the quality of life and life chances of the poor, but accumulated recent evidence has also shown that high levels of inequality are dangerous for the whole society.

Wilkinson and Pickett (2010) have found, through a systematic collection of evidence on a wide range of indicators of wellbeing, that more equal societies are better for everyone. More equal countries, such as Sweden and Germany, do better than more unequal countries, such as the U.S. and Canada, when it comes to the level of trust in society, life expectancy, the incidence of mental illness, infant mortality and obesity, as
well as children's educational performance, homicide rates, and levels of crime. They found the same pattern in the U.S. where more equal states have better outcomes. It is not the level of average income in a country or state which determines relatively poor outcomes like low average life expectancy and high crime rates, but rather the level of inequality within a country.

Wilkinson (2005) considers stress to be the key linkage from inequality to poor social outcomes. Income inequality is a proxy for major differences of power and status in hierarchical and hyper-competitive societies which generate acute levels of stress, anxiety, and depression across the income spectrum. In more equal countries, by contrast, there is a less intense search for status based on conspicuous consumption, community life is much stronger, and people trust and care for each other more. Wilkinson has also assembled evidence which shows that, in all countries, one can see "gradients" of well-being, with the affluent generally doing better (e.g., in terms of life expectancy or educational achievement) than the middle class, with the middle class doing better than the poor. But the differences in outcomes between groups are much less marked in more equal countries. Few people are surprised that lower-income Swedes and

Canadians live longer than lower-income Americans. However, it is striking that middle-class Swedes do much better than middle-class Americans when it comes to child mortality and life expectancy.

A Statistics Canada study confirms that inequality is closely linked to life expectancy. They find that "compared with people of higher socio-economic status, mortality (death) rates were elevated among those of lower socio-economic status, regardless of whether status was determined by education, occupation or income." Canadians aged 25 and in the top fifth of the income distribution can expect to have 5.6 more years
of life than those in the bottom fifth, and 1.7 more years of life compared to those in the middle one fifth. The gap in life expectancy between the top and bottom one fifth is 6.8 years for men, and 4.3 years for women (Tjepkema and Wilkins 2011).

Inequality is, quite literally, a matter of life and death.

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What can be done about growing inequality?

Expanding Public Services

Step Three is to build accessible and affordable public services which benefit all citizens, while reducing reliance on market income. Mackenzie and Shillington (2009) have calculated that, for the great majority of Canadians, "public services are the greatest deal they are ever going to get." The value of education, health, child care, and other services received annually far outweighs income taxes paid by the middle class and low-income groups. The benefit of most services is equally spread across income groups, and most public services geared toward meeting essential needs are far more cost efficient and equitable than the alternative of private services paid for in
the market economy. For example, the administrative costs of Medicare are far lower than for-profit, private health care in the U.S., and all Canadians are covered for physician and hospital care.

Clearly, there is room for both reform and expansion of public services. Medicare could be more responsive, patient-centred, cost-effective, and innovative. At the same time, we need to expand the taxpayer-funded public health care model to cover prescription drugs, home care, and long-term care for the elderly, so as to lower costs and ensure that basic needs are met. Pressures caused by tax cuts have caused the erosion of
public services in some key areas. The cost of post-secondary education has been shifted to students and their families through higher tuition fees, causing access barriers and high debt. The changing needs of families and the new realities of working life mean that we should expand child and elder care services to support employment, to balance work and family demands, to lower costs, and to improve the quality of care.

We might also consider other equality-enhancing priorities such as the expansion of affordable housing programs, including co-operative housing to build thriving mixed income communities, expanding of affordable public transit to help those with modest incomes and build more sustainable communities, and developing a wide-range of community social services.

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