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# FAST FACTS

**June 9, 2010**

## Poor No More? The long hard climb back to economic justice

Imagine a Canada where we all have a roof over our heads, childcare for our children, access to education and a job that pays a decent wage. Imagine a Canada where we all can look forward to retiring without financial worry.

As Deveaux Babin's recently released film *'Poor No More...there is a way out'* shows us, we were on our way to fulfilling such a dream. The harsh lessons of the Great Depression led to the development of a social safety net that improved the quality of life of Canadians. But somewhere along the way our political leaders bought into the idea that too much social investment was a bad thing; that we were being over taxed; and that prosperity for all would come through a free market. These leaders took us down a steep, narrow path to inequality and ever shrinking opportunities, and it is difficult to see how we will ever climb out.

Since the early 1980's our governments have chipped away at the Canada we were building post WWII and we are now lagging far behind other countries who avoided taking the same route. In the recently published *Social Determinants of Health, The Canadian Facts* Mikkonen and Raphael cite a recent Organization for Economic Co-operation and Development (OECD) report that identifies Canada as being one of the top two of 30 wealthy

developed nations showing the greatest increases in income inequality.

Census data show the richest 20 percent of Canadians enjoyed median earnings increases of 16.4 percent but the poorest 20 per cent had a 20.6 percent drop in earnings since 1980.

The total average compensation for Canada's highest paid 100 CEOs was \$7.3 million in 2008 compared with an average \$42.3 thousand for all Canadians.

Since 1995, tax revenue in Canada has dropped from 36 percent of GDP to 33 percent of GDP. This is a loss of nearly \$50 billion a year in public revenue.

Canada's 5 biggest banks avoided paying \$16 billion in taxes between 1993 and 2005.

While the vast majority of Canadians have seen a decline in their quality of life as a result of growing inequality, Canada's most vulnerable are paying the biggest price. The first food bank opened its door in 1985 as a temporary measure to assist Canadians during an economic recession. But in 2009 they continue to thrive – an example of our failure to ensure adequate income for individuals and their families. Food banks have become an institution that close to 800,000 Canadians relied on in 2009 alone.



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## *FAST FACTS continued ...*

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Because of cuts in the 1980's and the elimination of the federal role in housing in the 1990's, affordable housing is currently among the most critical issue facing low-income households. The United Nations special rapporteur on housing recently referred to our housing record as "very disturbing" and he called upon Canada to legislate housing as a basic human right.

As commentators in *Poor No More* show us, Canada's policy to reduce government's role and give freer rein to the market has resulted in the loss of billions of dollars of annual revenue from the treasury that we could have used to develop a national homecare program, a national housing program, a national childcare program and made post secondary education more affordable. While we might not have wiped out poverty, we surely would have made a significant dent.

We also would have closed the income gap between the rich and the poor and as Wilkinson and Pickett (2009) show, inequality effects us all.

These authors of *The Spirit Level, Why More Equal Societies Almost Always Do Better*, compare wealthy nation's social and economic data, clearly linking income inequality to health and social problems. They demonstrate that "the problems in rich countries are not caused by a society not being rich enough but by the scale of material differences between people within each society being too big."

But they conclude, as do others cited in this article, why we must climb back up that steep and narrow path towards greater equality.

Wilkinson and Pickett clearly show that the more equal the society, the better outcomes on several fronts. For example, more equal societies have lower levels of violence, lower incarceration rates, higher educational attainment, better health outcomes and the list goes on.

So if we are not concerned about inequality on a moral level, we should be concerned because the effects cost us dearly in terms of social and health outcomes.

### **The Case of Sweden**

While Canada has incrementally weakened our social safety net since the 1980's, Olsen (2008) shows that Sweden continues to have a strong commitment to full employment, greater social equality, the abolition of poverty, and a high level of social security. This has led to Sweden's ranking among the most egalitarian nations in the world.

While Canada has followed the lead of other unequal nations by cutting taxes with the justification that market freedom will solve all that ails us, Sweden has stuck with what they know to work. They pay higher rates of taxes because they see the benefits.

Sweden has long known what Wilkinson and Pickett demonstrate in their book and Deveaux Babin illustrates in *Poor No More*: the best way to address our social and economic challenges is to reduce inequality.

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