



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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CEO Sleep Out: Charity not Change

Last night several dozen business leaders, politicians and high profile Winnipeggers spent a night at Portage and Main in the annual CEO Sleep Out to raise funds and awareness about poverty and homelessness. However if we as a society are actually going to end homelessness, systemic change is needed.

On any given night in Canada, it is estimated that 30,000 people are homeless on the streets and another 50,000 are “hidden” homeless, living in overcrowded and inadequate housing. The cause of the problem goes back to the federal government’s off-loading of responsibility for social housing to the provinces in the 1990s. In Manitoba, the province has managed to create 1,500 units over the past five years and is committed to 500 more, however many more units are needed, which requires public investment. Housing for low-income people has not and will not be created by the private sector simply because it is not profitable. Public funding is needed.

However public funding is extremely hard to come by despite a \$6.4 billion federal budgetary surplus projected in 2015/16 and record profits by the federal housing agency. The Canada Mortgage and Housing Corporation (CMHC) contributed over \$17 billion in profits toward “improving the government’s fiscal position” over the past decade. Last year alone CMHC earned \$2.4 billion in profits and paid taxes of \$584 million.

Despite these profits, social housing in Canada has been starved of federal support. At the height of its commitment to social housing in the 1980s, CMHC supported the construction of between 10,000 and 16,000 units per year. In 2012, it helped build only 603 units, the lowest level in 25 years. Over the next twenty years, CMHC plans to phase out funding for operating agreements, which help subsidize low-income housing. This will force non-profit housing providers, cooperatives and provincial housing agencies to somehow find \$1.7 billion annually to fill this gap, or stop subsidizing low-income units, which will result in increased homelessness.

The current federal response to homelessness is disproportionate to the scope of the problem. The federally funded Homelessness Partnering Strategy provides \$5 million per year in Winnipeg to organizations, mainly to those who serve a narrow definition of “homeless”: chronic or episodic users of local shelters. Organizations working with the hidden homeless, which include a larger proportion of women, and those trying to prevent homelessness cannot get funding.

The CEOs sleeping out at Portage and Main should look at their own pocketbooks for the root cause of the problem: the growing gap between the

there is an alternative.

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rich and poor. From 1998 to 2012, the average top 100 CEO's pay increased 73 percent, adjusted for inflation, compared to the average workers pay, which increased 6 percent during the same time period. In fact the average top 100 CEOs in Canada earn in one day what the average Canadian earns in one year.

CEOs are paid extraordinary amounts while corporations are paying less tax than ever. The federal government cut corporate taxes from 28 percent to 15 percent between 2000 and 2012, foregoing \$30 billion in revenue over this period. Canada's corporate tax rates are among the lowest in the G8, even lower than the U.S. The corporate community lobbies governments to decrease corporate tax rates, saying this will stimulate economic development.

However this is not the case. Economist Jim Stanford examined historical data on business investment and cash flow from 1961 through 2010, and found no evidence that lower taxes have directly stimulated more investment. In fact, spending on public infrastructure instead of corporate tax cuts returns many times the increase in private investment from tax cuts alone. The economic spin off of investing in social housing that is energy efficient and creates employment for low income people is high. In Manitoba it is estimated that for every dollar invested in social enterprises like BUILD, 25 dollars are circulated in the local economy.

The programs funded through the CEO Sleep Out are worthwhile but only skim the surface of the issue. To address homelessness and poverty in a meaningful way requires adequate taxation and substantial government intervention. Societies that have used charity as their primary mechanism for tackling poverty have almost always been associated with high levels of inequality. If the business community were truly interested in alleviating poverty, it would support

collective solutions: funding for more social housing, and a basic income and living wage that is sufficient to keep people properly housed and not reliant on food banks.

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