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FAST FACTS

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Inequalities, Trade Unions and Virtuous Circles: The Scandinavian Example

In a recent FAST FACTS March 22, “Thinking Alternatives” we suggested that the Scandinavian countries - Denmark, Finland, Norway and Sweden - provided examples of more collective, egalitarian and inclusive societies that could serve as models for Canada. We based this conclusion on the considerable body of evidence that shows these countries fare much better than most other countries, including, the U.S., the U.K. and Canada in terms of key social and economic indicators. In 2011, for example, an OECD Report on social justice (cited previously in “Social Justice in Canada,” posted January 20, 2012) ranked 31 countries based on six variables: poverty prevention; access to education; labour market inclusion; social cohesion and non-discrimination; health; and inter-generational justice. The average score for the 31 OECD countries was 6.67.

The top five countries in this ranking and their scores are: Iceland (8.73); Norway (8.31); Denmark (8.20); Sweden (8.18), and Finland (8.06)

By way of contrast, the U.S., with a score of 5.7, was ranked 27th and the U.K., with a score of 6.79, 15th.

Canada, with a score of 7.26, ranked 9th - much closer to the Scandinavian countries than the U.S., and also closer than the U.K.

We believe that the favourable situation of Canada reflects in part the historical influence of CCF/ NDP members in the federal parliament, and CCF/NDP governments in the provinces. That legacy is now in danger of being squandered in the name of Neoliberalism by Stephen Harper and his Conservative government in Ottawa.

This erosion of social wellbeing becomes evident when we look at measures of inequality in the societies we’re examining.

The Gini Coefficient provides a measure of inequality in the overall distribution of income. In sum, the closer this coefficient is to 0, the more equal is the distribution of income; the closer the coefficient is to 1, the more unequal is the distribution of income.

The scores for the four Scandinavian countries are as follows: Denmark, 0.248 (1st); Norway, 0.250 (2nd); and Sweden and Finland, 0.259 (6th & 7th). These score are below the OECD average of 0.314. The data for the U.K. and U.S. show them



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above the OECD average with scores and rankings of 0.345 (26th) for the U.K., and 0.378 (28th) for the U.S.

Where does Canada stand in these rankings? We're closer to the U.S. and the U.K. with a score and rank of 0.324 (21st). Moreover, as the OECD warned in late 2011, overall inequality is growing faster in Canada than in most other OECD countries

A similar picture emerges from a consideration of child poverty rates. The rates for the four Scandinavian countries range from 3.7 per cent in Denmark to 7.0 per cent in Sweden. In contrast, the rates for the U.K. and the U.S. are 13.2 per cent and 21.6 per cent with rankings of 19th and 28th. Canada's child poverty rate is 14.8 per cent, a rate that places us at 24th in the rankings.

What explains the differences between the Scandinavian countries and Canada, the U.K. and the U.S.? We don't have a complete answer, but we would suggest that along with a commitment to equality one of the factors is undoubtedly the fact that in the Scandinavian countries trade unions play a central role in the economy and society, whereas in the U.K., the U.S. and now increasingly in Canada, unions have been under siege for decades. This is reflected in both measures of trade union density and the percentage of the workforce covered by collective agreements. In the Scandinavian countries the percentage of workers in unions range from 55 to upwards of 70 per cent, while collective agreement coverage is at 91.0 per cent in Sweden, 90.0 per cent in Finland, 80.0 per cent in Denmark, and 74.0 per cent in Norway. The comparable figures for the U.K. and Canada are about 30 per cent for trade union density and 34.6 and 31.5 per cent respectively on collective agreement coverage. The U.S. is an

outlier in all of this, with 12 per cent density and 13 per cent collective agreement coverage.

The manifestation of these disparities is reflected in many facets of economic and social life. A 2009 study of 19 OECD countries by the Center For Economic and Policy Research, for example, showed that the U.S., the U.K. and Canada have the highest proportion of low-wage workers (earning less than 2/3 of the national median hourly wage), with the U.S. at 24.8 per cent and the U.K. and Canada at 20.5 per cent. Denmark, Finland and Norway (Sweden is not included in this study) are at 13.6 per cent 8.5 per cent and 8.0 per cent, respectively.

Another very important point that needs to be stressed is that in the Scandinavian countries there is an appreciation of the fact that links between trade unions, equality and economic stability create a virtuous circle. In the U.S., U.K. and Canada, in contrast governments of recent decades have sought to undermine trade unions and labour movements at great costs to workers and society as a whole, a trend that has intensified under present governments in these countries. This is why we must now oppose the anti-labour policies of the Harper government in Ottawa and provincial and municipal governments.

Our future depends on it.

Errol Black and Jim Silver



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