

WHY INEQUALITY MATTERS

Presentation to the CLC Convention by **Armine Yalnizyan**
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It is a genuine honour to be invited to address your convention today.

I've been affiliated with CCPA since 1994, the beginning of the Alternative Federal Budget movement, and am thrilled to now be working on the growing gap project, in an organization that has proved the test of time. If the CCPA didn't exist, it would have to be created at a political moment like this.

The labour movement has supported the CCPA since its inception in 1980. The foresight and support shown by the leadership of the CLC affiliates, and the sustaining power of thousands of individual members has helped grow the progressive voice in Canada. Your belief in the need for and importance of this kind of work makes you dig into your pockets and make this work possible. That's not all I'm grateful to you for.

Over the past decades, I have built my intellectual heft alongside the members and staff of Canada's unions.

I have learned through and with the Canadian labour movement how powerful it is when people work together through coalition.

And I have learned time and again how the Canadian labour movement is far more than just about bread and butter issues. It's about the big issues of the day.

And the CLC convention is just such a moment: a time to think about the big issues, an opportunity for workers from across the country to name the things you think are important, and discuss how you are going to collectively deal with them.

I am grateful that your convention is considering today the significance of growing income inequality, in good times and bad. It is fast becoming the *other* inconvenient truth of our era. Just as life-changing and consequential. Just as unsustainable.

You are about to discuss your resolutions to combat women's inequality. Let me be clear. The women's agenda *is* the equality agenda, in all its aspects.

It is the fight for good jobs, enough income, and affordable basics like housing, child care, health and education. It is the struggle for freedom from violence. It is the quest for the freedom to participate. It is the fight against exploitation, domination, isolation and silencing. It is the desire to become the fullest person we can be; to join, without barriers, in all aspects of human enterprise — social, economic, political and cultural. Growing inequality works its way into all these dimensions of human experience. Closing the gap means dealing with all these dimensions of inequality.

Because it's official — inequality is not going away. In fact it's getting worse, and precisely at a time when it should be getting better.

Census Canada results earlier this month showed that over the course of a generation — 25 years — the rich got richer, the poor got poorer, and workers in the middle saw their earnings stagnate.

Only one group in Canada contested the significance of these facts: the hard-right ideologues. The National Post even suggested that these facts were worthy of inciting class war.

(Shall we take them up on the challenge?)

The Post understood the Census findings only *opened* with the story of individual incomes, which is basically the story of trends in the job market. But the Post rejected the meaning of these findings, or at least leading the story that way. The Post's position was that Statistics Canada misrepresented what was, for the Post, more important truths: Most people live in families; and incomes include more than just earnings.

It seems the National Post and the Fraser Institute would like us to consider the impact of government programs that provide income supports. Imagine that! The Post and the Fraser Institute thinking that governments actually make things better!

The work of the inequality project understood this two-headed reality years ago — that by and large we earn our livings, but that we rely on others too. We based our analysis of Statistics Canada data on families raising kids, and looked at both what families earned through their paid work, as well as their incomes at the end of the day, taking into consideration total incomes (including investment incomes and government supports) and the effect of the tax system.

We found that over the course of the past generation, the top 10% of families went from making 31 times the earnings of the poorest 10% to 82 times the earnings of the poorest.

But this is not just a rich/poor story.

The middle group of families raising children barely inched forward after 30 years, though this generation are way more educated than their counterparts a generation ago; and today it pretty much takes two full-time full-year workers per family to get into the middle.

Over the past 10 years alone, the average household raising children put in an extra two hundred hours a year of more work-time on the job. For most households, the income increases did not match the time increases. Most Canadian households are peddling faster to stay in the same place.

And what happens when you look at disparities in after-tax incomes (which include the impact of government supports that the Fraser institute and the National Post want us to consider)? We see that the rich-poor gap has grown the widest in the past few years than it has been at any point in the past 30 years, and that the growth in disparity has been most rapid over the past 10 years...exactly the time when it should have been shrinking.

The Census report should have been a good news story.

The past 10 years have seen the strongest economic conditions we've enjoyed seen in well over a generation. Inflation rates and interest rates are at forty year lows, unemployment rates are at 35 year lows.

We've been told for decades to work harder and smarter, and economic growth would provide what we want — plenty for everyone. All we had to do is bake a bigger economic pie.

Well, we played by the rules and indeed we've grown: collectively we produce a trillion dollars more a year than we did a generation ago. In inflation-adjusted terms, our economy has doubled over the last 25 years, which means we have twice the purchasing power we did a generation ago. Canada's economy is now rated as the 8th largest national economy in the world by the World Bank — and we have a fraction of the population of the other big economies.

Brothers and sisters, this is as good as it gets.

Yet 80% of the people who helped bake that bigger pie are taking home a smaller piece of pie than their counterparts did a generation ago.

In the late 1970s, the bottom half of families took home about 27% share of the action. Today the bottom half takes home roughly 20%.

The top 10% of families now take home more than the bottom half — almost 30% of the pie goes to this group alone. The higher up the income spectrum you go the stronger the gains from this period of growth, the bigger the piece of pie that goes to those at the top.

So why does any of this matter? And what can we do about it anyway?

The story of the growing gap has changed. Rising inequality used to be about the most vulnerable getting creamed during recessionary periods. Now it's about most of us getting left behind, despite record growth.

And when only the minority at the top actually gets meaningful increases in their disposable income something happens to the rest of us.

The ones at the top bid up prices, primarily in housing markets, and some by playing in the investment markets. And the effects come cascading through the system to a neighbourhood near you, as we have seen through the dramatic sub-prime meltdown in the US and the slower, but longer-term impact of trends in our own Canadian cities, as postal codes get increasingly sorted by income class.

Suddenly “stagnant household incomes” mean more than something just not changing. It means getting squeezed - squeezed between paycheques that don’t grow and the soaring costs of living. The choice is peddling harder, or losing ground.

But the tried and true solution over the last 25 years is, literally, a time-limited option folks. Women of Canada kept the middle class afloat over the last 25 years by turning on the steam — getting better educated, getting a job and keeping the job even when they had kids. Today, there is no reserve army of labour available to save the middle class over the next 25 years. There just aren’t a lot of stay-at-home women left to be tapped.

And there are other reasons why rising inequality matters. The most significant of these, in my opinion, is the intergenerational dimension.

One of the seamier sides of the story told by the most recent Census results is that people under 30 and new immigrants are doing worse than their counterparts in the 1980s and 1990s.

Wait a minute. The 1980s and 1990s were recession-plagued decades, dogged by high rates of unemployment. How can these workers be doing so badly today, with unemployment at 35 year lows?

At the same time, Census data shows the fortunes of those over 45 are far better than those of the over-45 age group a generation ago. But today’s over-45s corresponds to a much larger group of people than in the 1980s. Demographer David Foot described the boomer generation as a rectangle that, over time, slowly gets shoved up the age pyramid. It sounds painful! But the stats show that this group is experiencing little pain, relative to the younger generation of workers.

Do strong collective processes — like more interventionist governments and organizing power of unions — have something to do with it? The fact is that the system worked better for those over 45, when they were kids, when they were entering the labour market, and now as they contemplate retirement — even though they lived through two decades plagued with recession — than it has ever worked for the next generation.

Is this really as good as it gets? Or should we, can we, expect more, especially for the next generation?

We seem to be entering a new moment. You’ve undoubtedly noticed it — a kind of waking up after a deep sleep.

After a decade of blistering economic growth and governments fixated on giving us back our money through tax cuts, the promise of prosperity is still just a promise for too many people — and they are starting to get suspicious that the game is rigged.

The growing concentration of incomes and wealth lead to growing concentration of power. We see it in our midst every day. But some are starting to question why that is inevitable.

In the US, the richest man in the world, Warren Buffett, asks disarmingly simple questions like — why does he pay a lower rate of tax than his cleaning lady? And why does Congress allow this? John Edwards put in his bid to become the next Democratic president of the United States on a platform that posed important and uncomfortable questions about the nature of growing inequality, including its racial aspects. Before he dropped out of the race to support his wife in her battle with cancer, he challenged all those who saw growing inequality as inconsequential or, more importantly, inevitable.

In Canada, the champions of questioning don't come from our business class or our political class.

Unions have been at the heart of the movement that does not accept that, as Brian Mulroney used to say, "There Is No Alternative".

Canadian unions have worked with the progressive movement in communities across the nation questioning the status quo, showing exactly how things can be made better for the majority.

Unions have demanded higher minimum wages, pay equity, and employment equity, never accepting the marketplace provides justice or even neutrality.

Unions have repeatedly pushed back the drive to privatize public services and infrastructure — from health care to education, from water to municipal services. They've kept public assets public, from our schools to our hospitals to our roads, bridges, court houses and community centres.

Unions are facing the facts regarding the next generation of workers — under 30s and recent immigrants — and challenging themselves as to how best to organize in a labour market with almost one in four jobs now non-permanent or precarious, and a growing number of "two-tiered" workplaces with permanently inferior pay, hours and benefits for younger workers.

Unions are also looking at poverty through new lenses — not just the importance of improving inadequate incomes, but the necessity of affordability for basics like housing, child care, education, to make sure we are all set on the right path in life.

We are all waking up to the fact that under-investing in the one in eight kids living in poverty will cast a long shadow on all our lives. These are, after all, the people that we will be utterly reliant on in 20 years.

And this confluence of issues has led to the improbable occurring in 2008. When you last met three years ago, few of you in this room would have imagined that

- Five provincial governments in Canada have committed themselves to coming up with comprehensive strategies to reduce poverty.
- Three processes at the federal level are asking what can be done about various aspects of inequality — one parliamentary committee holding hearings on poverty reduction and one on how we use our budgets to achieve greater women’s equality, and three separate sets of hearings in the Senate (on rural poverty; on urban poverty, housing and homelessness; and on the social determinants of health, the primary determinant being inequality of income)
- The progressive movement, through processes like the Alternative Federal Budget, is going beyond just critiques of the political moment, and putting concrete, costed solutions on the table.
- Instead of being paralyzed or demobilized by governments suddenly keen on moving forward, we are starting to lead the agenda on the answer to the critical question “but what can we do about it?” Coalitions in Newfoundland and Labrador, Nova Scotia, Quebec, Ontario and Manitoba are crafting actionable, simple steps their governments can take; preparing ways of moving forward that are irresistible because they *can* be implemented relatively simply; accepting these small steps not because they are perfect solutions but because they build momentum.

Perhaps the stars are re-aligning.

For was it not also improbable three years ago that, in the United States, a black man might become President, inciting his followers with a slogan of “yes we can”?

Yes, indeed we can. We all can, if we expect we can!

This isn’t about class war. This is about creating a better world, and knowing in your heart and in your gut it is possible.

What can we do? How shall we do it? Your convention is an opportunity to discuss just that.

And if you join us tonight — here or later at the Strathcona hotel - you can see just how fun it is! The CCPA is hosting an evening of lively conversation with Peggy Nash and I called “I’m All Right Jack...and other arguments to do nothing about the growing gap in Canada”. Come feed your head. Fill your face. And don’t blame us if the world looks a whole lot different tomorrow!



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