Towards Shared Prosperity:
A new agenda for social and economic fairness in Canada

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Introduction: Forging a New Consensus for Canada

Social cohesion is not just the absence of conflict. It is the ability to move forward in the same direction with shared purpose. It is a mandatory requisite for a smaller, trading country like Canada. We can only exercise our full strength through some essential level of agreement.

Canada must have continuous nation building by furthering a genuine consensus across provinces, cultures and languages. We require much more than passive tolerance of one another to advance on our common problems.

At the core of the Canadian idea has been a broad definition of success as shared progress for all its citizens, measured in terms of income, opportunity, well-being and enjoyment of social rights and freedoms. It has been coupled with a special responsibility to ensure those who are vulnerable are not left behind. The assumption of common advancement has reached across political party lines, governments and generations. This Canadian aspiration gave expression to underlying individual values of hard work, fairness, merit, and shared responsibility taking.

Shared Prosperity or Increased Polarity?

Decades of accomplishments in support of shared advancement have been followed by a period of stagnation where outcomes have become stalled and begun to be reversed, for a variety of reasons. Consider:

- We are running the very real risk is that our children will be the first “reverse generation” in Canadian history, one that is less well off than the one before.
- Growing income inequality is becoming entrenched.
- Middle class families are working more but not getting ahead except by borrowing much more and saving much less.
- Health care universality is threatened by a loss of faith in its affordability.
- Poverty has become a bog that entraps people contending with life challenges or transitions, caused in part by ineffective government policy.
- Our collective failure to grasp sustainable development puts us on the other side of our values and international expectations.

In part, this is the result of loss of will and focus.
In recent years, almost imperceptibly, Canadians have been cajoled by a variety of voices on the right to reduce expectations; to accept the lowest common denominator of what we can accomplish together. Individuals and families are being encouraged to look after their own interests. Economic problems are portrayed the results of “international” and “global” conditions beyond our reach. Our policy choices are reduced to growth in GDP, (our so-called “standard of living”) regardless of benefits delivered for the well-being of average Canadians. Social needs and government responses are vilified as complex, costly and muddled jurisdictionally.

We cannot afford to take our social cohesion for granted. The increasing contrast between the lived reality and the country that most Canadians presume upon means there can be a short distance to the alienation. What follows is not only lost promise in terms of meeting our challenges, but the road to loss of trust in institutions, and increased rates of crime and other social dissonance.

There is tremendous opportunity today to forge a new consensus for Canada. Canadians are a fundamentally generous and optimistic people. We still have time to exercise enlightened approaches to our major challenges, from an aging population and a shrinking a labour force, to competitiveness and poverty in ways that can galvanize most Canadians to become supportive of our will benefit the greatest number.

On the political plane, a “progressive” party is not the one that does the best job of defending the old status quo, but rather the one that is best able to define the improved future we can attain. Some fresh thinking and acting are the price of admission.

The political challenge is not only knowing what is needed, but how it can be delivered. Compelling and credible Implementation should be the regarded as the new holy grail of progressive politics. Federal proposals cannot afford the luxury of being abstract to average Canadians. There is a modern test for federal involvement. Will the benefit to individuals, families and communities happen more quickly and effectively as the result of our involvement? Otherwise, we should leave the matter to provincial and local jurisdictions. Proving what will work has to be the price of being at the table.
Narrowing Income Inequality

For the four decades after the Second World War, Canada enjoyed un-interrupted growth in incomes and other measures of prosperity for virtually all Canadians at all income levels. The last twenty five years however have been ones of struggle for many Canadians, most of whom believed their anxiety and strain was personal in nature. As it turns out, however, the Canadian economy is not delivering for a vast swath of Canadians. The effect is so sweeping to makes this concern the configuring one for future economic and social policy.

Breaking the faith? The Occupy Wake-Up Call

The problem that most people didn`t know existed was brought into sharp relief by the first Occupy movement protests in late 2011 and early 2012. Protests inspired by the Arab Spring but focused on concerns with rising income inequality and the complicity of financial institutions in the recession, a protest was launched in New York with Occupy Wall Street in September 2011 that spread to 60 countries including several Canadian cities.

Many commentators found it easy to dismiss Occupy at first. It had its ostensible start as an initiative of Canadian based Adbusters but it was widely seen as lacking a coherent purpose, an obvious organizational structure, or a consistent message. Yet as the tent occupations of parks in financial districts in an unusually warm autumn drew eclectic hundreds of participants, it became clear that they embodied a much more widely held collective concern about the fairness of our financial and economic systems.

The biggest surprise however was not that the movement’s principal slogan – representing the concerns of the “bottom 99%” against the wealthiest 1%, resonated widely but that it was grounded in fact. For those who took a closer look, the statement accurately reflected two intertwined characteristics of earnings in Canada for the period since 1980. The wealthiest earned dramatically more, reaching 70 year highs in their share of income. At the same time, despite growth in the economy as measured by GDP (gross domestic product) per capita of 51 % after inflation, most Canadians did not personally benefit. It is the first time in our history that average Canadians gained so little over such a long period of time.
Table 1: Economic Progress?

<table>
<thead>
<tr>
<th>Measure</th>
<th>1980 to 2006</th>
</tr>
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<tbody>
<tr>
<td>GDP</td>
<td>+51%</td>
</tr>
<tr>
<td>Top 20% incomes</td>
<td>+22%</td>
</tr>
<tr>
<td>Bottom 20% incomes</td>
<td>-19%</td>
</tr>
<tr>
<td>Middle 60% incomes</td>
<td>+1%</td>
</tr>
</tbody>
</table>

The share of the top fifth of Canadians grew by 22% while the lowest quintile lost 19% of their income, while the rest in the middle stagnated for the period but with significant ups and downs in between.

On closer examination, the story is even more startling. The top 1% increased their share of total income from 8% to 14% from the late `80s to the early 2000s, a jump of 70%. The incomes of the wealthier .1% leapt by 165% in the same period while the rarefied wealthiest .01% improved their standing by 257%. In fact while there were a positive improvement to Canadians fortunate to be in the highest 5% of earners, an overwhelming 87% of their gains went to the top 1%. The bottom 99% as a whole saw their share shrink by 8%.

The skewing of earnings towards richer Canadians was particularly problematic in that much of it took place during the `lost decades” when overall incomes were not growing, in the 1980's and 1990's, making it impossible not to see gains as having been made at the expense of those with much less. Lower and middle-income households suffered losses in income in several years in the period and no sustained growth. The annual income of the average Canadian earner increased by just $1 a week after inflation between 1980 and 2005.

The response of middle class Canadians to their situation in the period was to work more hours, borrow more loans and save much less.
Working more.

As the attached table shows, the average earnings of Canadian families disguised a great deal of volatility for people at various income levels and economic security was hard to come by. From the 1970s to the later 1980s, Canadian two parent households at all levels of income worked more hours to get ahead. In some cases they actually made less per hour on average to do so. Both parents working, originally a way to get ahead, for many became a means rather to tread water, particularly for those in middle income groups. Significant real gains were only realized by the top two income groups, and that in the second half of the period. The wealthiest ten per cent were the only group to actually work fewer hours but still earn more.

Table 2: Disposable Income (after income taxes and transfers) by Two Parent families with children <18 (excluding unemployed) in 2006$

<table>
<thead>
<tr>
<th>Income group</th>
<th>1971</th>
<th>1994</th>
<th>2006</th>
<th>chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg Income</td>
<td>$46,708</td>
<td>$63,036</td>
<td>$77,231</td>
<td></td>
</tr>
<tr>
<td>Hours /week</td>
<td>48.6</td>
<td>64.8</td>
<td>66.6</td>
<td></td>
</tr>
<tr>
<td>Both working</td>
<td>25%</td>
<td>74%</td>
<td>78%</td>
<td></td>
</tr>
</tbody>
</table>

per Hour Worked

<table>
<thead>
<tr>
<th>Income group</th>
<th>$4.96</th>
<th>$6.45</th>
<th>$9.62</th>
<th>+$1.49</th>
<th>+$3.17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd</td>
<td>9.77</td>
<td>11.94</td>
<td>12.63</td>
<td>+2.17</td>
<td>+0.69</td>
</tr>
<tr>
<td>3rd</td>
<td>12.54</td>
<td>13.54</td>
<td>14.15</td>
<td>+1.00</td>
<td>+0.61</td>
</tr>
<tr>
<td>4th</td>
<td>15.07</td>
<td>16.41</td>
<td>15.55</td>
<td>+1.33</td>
<td>-0.94</td>
</tr>
<tr>
<td>5th</td>
<td>16.97</td>
<td>15.90</td>
<td>17.15</td>
<td>-0.93</td>
<td>+1.25</td>
</tr>
<tr>
<td>6th</td>
<td>18.31</td>
<td>17.25</td>
<td>19.49</td>
<td>-1.06</td>
<td>+2.24</td>
</tr>
<tr>
<td>7th</td>
<td>19.74</td>
<td>18.43</td>
<td>21.85</td>
<td>-1.31</td>
<td>+3.41</td>
</tr>
<tr>
<td>8th</td>
<td>21.34</td>
<td>20.22</td>
<td>24.16</td>
<td>-1.12</td>
<td>+3.94</td>
</tr>
<tr>
<td>9th</td>
<td>22.80</td>
<td>22.25</td>
<td>29.63</td>
<td>-0.55</td>
<td>+7.38</td>
</tr>
<tr>
<td>Top 10%</td>
<td>32.56</td>
<td>31.36</td>
<td>45.36</td>
<td>-$0.80</td>
<td>+$14.00</td>
</tr>
<tr>
<td>ALL</td>
<td>$18.48</td>
<td>$18.71</td>
<td>$22.30</td>
<td>+$0.23</td>
<td>+$2.59</td>
</tr>
</tbody>
</table>
**Borrowing.** As the gains which could be achieved through working more hours stalled, there was an 80% jump in real terms in borrowing by households as expanded credit played an important but risky role in making up for lost incomes. While the average Canadian income grew by only 9.6% between 1990 and 2011 after inflation, average spending rose by over 21%, fuelled by higher levels of debt and lower savings. Households also saw a growth in their assets. A majority of assets, however, are real estate which sits at an historically high appreciation. House prices are at levels many worry is not sustainable and indicative instead of a “bubble” of housing values that could undermine the financial security of many.

**Savings.** Canadians also dramatically slashed their savings levels by 70% from 1990 to 2011 as they traded off future needs to support themselves and their families. The squeeze that so many went through and continue to experience has tremendous implications for the affordability of their children’s education and adequacy of retirement income.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Income</th>
<th>1990</th>
<th>2000</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$78,545</td>
<td>80,847</td>
<td>86,049</td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>8,041</td>
<td>3,062</td>
<td>2,692</td>
<td></td>
</tr>
<tr>
<td>Saving rate</td>
<td>10.2%</td>
<td>3.8%</td>
<td>3.1%</td>
<td></td>
</tr>
</tbody>
</table>

Canadian are better educated than ever before but it is not delivering a generalized benefit to their incomes. The income gains have been restricted to a relatively few. There were times in the period when earnings for university graduates declined.

<table>
<thead>
<tr>
<th>Level</th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; High school</td>
<td>38%</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
<td>High School</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Some Post-Secondary</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>College/Trades</td>
<td>22%</td>
<td>27%</td>
<td>31%</td>
</tr>
<tr>
<td>University Diploma</td>
<td>11%</td>
<td>16%</td>
<td>21%</td>
</tr>
</tbody>
</table>

If sustained, this disconnect between effort in reward could turn long held assumptions and values on their head for Canadians. Parents’ aspirations for their children, and the motivation of young adults are linked to the concept that working hard and obtaining an education will lead to real opportunities and commensurate
incomes. The implications for youth are particularly profound as starting salaries are lower than past generations and education related debts are much higher.

**Divisions forged by Inequality.** The inability of the Canadian economy to deliver fair income gains is not restricted to richest and poorest. A variety of sub-groups begin to emerge as potential fault lines in our social order. For example older couples have more income while younger families have less. One large factor is the over-valuation of home and how difficult it is for first time house buyers. Within older workers there is a great difference between those with employee pensions plans and those which lack them in terms of who is heading for difficulty in retirement. Geographically there are enormous differences between regions, with British Columbia, Ontario and Alberta having the most extreme inequality.

**Ratio of Average income of Top 20% to Bottom 20%, by region 2009**

<table>
<thead>
<tr>
<th></th>
<th>Can</th>
<th>BC</th>
<th>ON</th>
<th>AB</th>
<th>NS</th>
<th>SK</th>
<th>QC</th>
<th>NB</th>
<th>NL</th>
<th>PE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>9.1</td>
<td>10</td>
<td>9.5</td>
<td>9</td>
<td>8.7</td>
<td>8</td>
<td>8</td>
<td>7.8</td>
<td>7.5</td>
<td>6.1</td>
</tr>
</tbody>
</table>

**The new “Execu-ocracy”** The flip side of the struggles of average Canadians has been the creation the new class of very well off Canadians in the past 25 years. In effect, Canada has created an “execu-ocracy” in recent years composed of executives drawing much larger salaries for their positions than in decades past. Salaries make up a much increased portion of the income of the wealthiest 1% of Canadians, while business income is much less of a factor. This is even more true of the .1% and .01% uber-highest earners.

**Earnings of Highest Earning 1% By Income Source**

<table>
<thead>
<tr>
<th>1946</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>47%</td>
</tr>
<tr>
<td>Business Income</td>
<td>31%</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>10%</td>
</tr>
<tr>
<td>Dividends</td>
<td>9%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>7%</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>4%</td>
</tr>
</tbody>
</table>
Top business executives in Canada today are earning 10 times what they did in 1978 after inflation is taken into account. It is fair to ask ourselves if this has created proportionate benefits for the country. Are they delivering ten times the value to shareholders? To society at large? What are the implications from aggregating so much economic power in a more powerful elite? How does this group exercise its power. Can they be engaged on essential questions of inequality and well-being of the country as a whole? The ethical implications of such a large rise in concentration of income without clear understanding of economic justification are significant and leave the door open to simplistic class warfare kinds of arguments. A contributing factor to the greater standing such individuals, has been the reduction in marginal tax rates for highest earning individuals since the mid 1990’s, yet many have argued at the same time for corporate tax reductions on the surmise that the income should be taxed at the individual level instead.

**Economic policy with a broad focus -One Prosperity Agenda**

Canada is no longer offering a fair deal to its citizens. We have moved from a low inequality nation on the OECD standard to a mid inequality one. We are on a par with Japan and approaching the United States. In fact inequality grew almost twice as fast in Canada in the last 15 years as it did in the US. If we want to be able to offer fair prospects again to all Canadians, we clearly need a new approach.

Future Canadian governments have to adopt broader goals in order to be effective on behalf of its citizens. The key to narrowing income inequality is harmonizing economic and social policies into one into one ‘good’ or effective prosperity agenda. Within that outlook we need a clear definition of what prosperity means; what social and economic outcomes will mark our success. Some of the work done by the Canadian Centre for Standard of Living is helpful with its proposal to regard four key economic factors instead of the simplistic GDP – per capita consumption, per capita wealth, economic equality and economic security.

Broader work is being developed by the international Happiness Institute with support from Canadian Institute for Advance Research (CIFAR). It is exploring areas such as high employment, high quality work, communities of trust and respect, physical and mental health, support of family life and a decent education as components of broader satisfaction and happiness.
The much discussed productivity of Canadian workers has been touted for the two decades as the key to unlocking wealth and opportunity. Yet the most common measure is a simplistic dividing of GDP by hours worked. We need a better way to harmonize the competitiveness of our industries with the welfare effects of production (good jobs and good incomes) or we will only see jobless productivity increases. Productivity has to be made into an instrument of broad public policy. It should cover not only general efforts such as education and innovation and government tax and investment policy but the different behaviour of different kinds of companies.

One of the biggest factors for Canadians has been their increasing job insecurity. From a historical perspective, we can see that in the period from the 1940’s until the 1980’s jobless rates were in the 3 to 5% range. Since 1980, the unemployment rate has averaged 8.5%. Today’s unemployment rate of 7.3% is simply too high. There has not been enough opportunity for Canadians to enjoy job security or to optimize their contributions.

Employment Insurance was meant to be an instrument to help individual workers find their highest productivity by giving them a fall back in the face of job losses. Distinct from welfare, it is an earned benefit paid into by workers and employers alike., that also does not require recipients to strip themselves of assets or become The idea should be clearly to support work workers while they take measures, such as job searches or re-training to realize their best potential contribution.

While every job is indeed a good job for someone, there is no benefit to the country if people are forced to work below their potential.

We also have to ask ourselves what to expect of government in the face of increased need. The mediating effect of government was once able to offset 70% of the effect of income inequality form the marketplace in Canada. Today however, with reductions in government revenues and programs the impact is only 40%.

Addressing inequality is simply not just a moral imperative, it also makes sense to the economy, a Task Force recently focused on building a thriving knowledge based economy in Canada, concluded that; success in the knowledge-based economy depends on human capital, and if inequality and poverty negatively affect the components human capital, then Canada’s rising inequality and persistently high levels of poverty could be jeopardizing its capacity to prosper. (Action Canada Task Force 2012)
Poverty Eradication

Poverty can no longer be marginalized as a public policy challenge. Ten percent of Canadians or 3.4 million people - the population of Alberta or the combined populations of five of Canada’s smallest provinces live in poverty. In total, over a five year period twenty five percent of Canadians have condemned to spend at least a year “on the margins” in poverty. That is the best way to think of the poverty challenge: how to help about a quarter of Canada’s population to meet variety of challenging circumstances in ways that first permit them to stabilize and then to improve their circumstances.

The circumstances of illness, disability, job loss, and family breakdown are well recognized as being out of an individual’s control yet we still hold poverty against the people which experience it. We need to conceptualize our outlook as much less of a “safety net” to catch people and much more of a trampoline to provide the ability to absorb the initial shock and then the wherewithal to bounce back to the healthiest and most productive state possible.

Canadians living in poverty felt the “lost decades” most acutely. The 1980s gave rise to food banks and the expansion and institutionalization of relief efforts on a scale not seen since the 1930’s. Some 900,000 Canadians turn to emergency food services each month in this country. It is at once an ethical and a practical issue for society to have a patchwork food system for a significant portion of the population. For the individuals and families affected it is one more thing: inefficient. When people have to spend a disproportionate amount of their time on the needs of survival, they are de-stabilized and unable to focus on the steps to move ahead.

While we have seen the proportion of Canadians living in poverty drop with following the recessions of the 80s and 90s, there is still a continuing high absolute number in the 3.5 million range incurring that struggle.

One of the most powerful insights of the Senate Committee Report: In from the Margins (Eggleton & Segal 2009) is the primary place it gives to the dynamics. It recognizes that at best anti-poverty programs have “maintained” people in poverty,
while many actually “entrap” by creating self defeating conditions for subsistence assistance.

Poverty eradication has to be linked strongly to lessening income inequality because the solution is mobility, as well as “raising the bar and closing the gap”. If there is no growth in incomes, there is no room for the aspirations of those who are poor.

Similarly, there has to be a preoccupation with the costs of basic goods and services. The cost of a significant listing of items including utilities, transportation costs, and certain foods has risen far above the Consumer Price Index.

**Full participation for every citizen**

A ‘dynamic’ view of social policy would reframe our intention: to remove barriers and provide supports for vulnerable Canadians so they can contribute their highest potential. We would acknowledge the primary importance of the “Ability to Participate” in society. Where it can be, this should be paid work, for fair terms and conditions that permit a life with dignity and progress. For some this may mean a combination of part time work and some income support and for still others whose circumstances are more constraining, participating through voluntary associations.

An enormous amount of productivity is lost by looking at people from the position of their deficits rather than their potential. A time of growing labour shortages should give urgency to enabling the best participation possible from women, single parents, recent immigrants, people with disabilities, aboriginal Canadians, seniors who want to stay in the work force, and other groups who are currently undervalued. The Canadian Chamber of Commerce has already noted the absolute necessity of special efforts including these groups in order for Canada to meet its present and future labour challenge.

This approach also permits a broader consensus that those who want to argue on either side about the idea of social entitlements. There is no difference in what we offer our vulnerable citizens than only other Canadian. The assistance given is commensurate with their circumstances in achieving what is best for them and for society. The only “entitlement” that someone should have is to be able to the best reconciliation of their greatest personal satisfaction and contribution to society.
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**We All Pay for Poverty**

The cost of poverty extends well beyond the individual and translate into sweeping costs to every Canadian. Recently, these costs have been estimated to be between $32 and $38 billion annually (Laurie, 2009). Poverty is frequently accompanied by escalating health care costs, a rise in crime rates, diminished school success and increasing demands on community and social services. As society grapples with the consequences of poverty, health care costs climb, policing and crime related costs grow and there is burgeoning reliance on social services.

There are also costs associated with reduced economic activity and/or economic production. (Ivanova, 2011). The Centre for Health and Policy Studies reports that “poverty also imposes costs on members of society beyond those deemed ‘poor’ (Sheill, Allan, & Zhang, 2004), having wide ranging and far reaching implications for society.

It can be argued that a great deal of the poverty experienced in Canada today exists for lack of effort, not on the part of those who are living in poverty but rather on the part of governments and society at large. Certainly our international standing has fallen in comparison to other OECD countries. We are 15 out 20 countries for rate of poverty and 16 out of 20 for rate of child poverty.
Seniors. In the 1970's a very deliberate approach that included the creation of the Guaranteed Income Supplement and indexing of pensions, drastically reduced poverty among Canadian seniors, such that today some 85% are above the poverty line. There has been a small sliding back in a recent 7% rise seniors experiencing low income. Strategies to help seniors who wish to remain part of the work force, as well as maximizing participation to counteract the isolating tendencies of health limitations are further avenues that a new poverty strategy should contain.

Children and Single Parents. Less remarked upon so far, the Child Benefit has helped immensely to improve the circumstances of children in both two parent and single parent families. There has been a 50% reduction in the number of single parents and their children living in poverty and a commensurate increase in the number that are in the work force. The unemployment rate is also down by 50% to just 8%. The education levels of single parents are up significantly, although it should be noted this mainly seems to benefit older women; there has yet to be an income dividend for many of the younger women.

According to the Organization for Economic Co-operation and Development (OECD): At 15.1 per cent, Canada's child poverty rate is higher than the OECD average. More than one in seven Canadian children live in poverty. Canada ranks 13th on this indicator and scores a “C” grade.

The Nordic countries—Denmark, Finland, Norway, and Sweden—have the lowest rates of child poverty, with less than 5 per cent of children living in poor households. The relationship between social spending and reducing poverty rates very clear, these leading countries boast strong traditions of wealth distribution. They have addressed inequality while Canada has silently watched the gap grow. Canada needs to continue to grow the Child Benefit to lift children and parents alike into more secure conditions for growing up.

Employed and living in poverty. The “working poor” have had some consideration in the Working Tax Credit. This needs to work in tandem with effective minimum wages and new efforts to ensure higher quality work opportunities. We don't want to inadvertently create a class of people who are needlessly subsidized. Higher skill on the part of governments working with employers to ensure that social investment is made at the right times and the right way will be crucial. We need to tailor national strategies to enhance the ability to
participate for individuals and families who are members of other groups that can benefit.

**Disabled.** Canadians living with disabilities have 40% unemployment rates, despite enormous jump in the last generation in educational levels as Canada's classrooms have become more accessible. Approximately 14% live in poverty. Programs should to provide realistic incentives for employers to adapt jobs to meet the accommodations required to access the potential that so many individuals have to bring, including changes in management approaches and education among peers to ensure that people with disabilities are appropriately valued at the workplace.

**Older workers.** There is a group of Canadians who fall in a “grey zone” yet make up a significant proportion of those living in poverty. Sometimes but not always living alone, they are workers who can no longer do the job they have been trained for, for reasons of health or redundancy of occupation. Their infirmity falls short of a disability and their potential is not seen or understood. We need to invest significantly in retraining, education, job adaptation and employer education about their potential.

**Recent immigrants** would also benefit enormously from enhanced strategies rather the current time and resource limited programs. The failure (return) rate among new immigrants is growing as the gap is widening in earnings and opportunities. Language programs that provide advanced language skills for professionals should available as a matter of course. Mentoring program and tax breaks to share risk on foreign trained individuals would make a difference as would the seeding of networks. This is another instance where a cultural shift has to take place in hiring practices need to be sought and supported, if there is to be a practical breakthrough in the last 25 years where new immigrants have been forced to take an enormous step backwards from 85% of Canadian born earnings for same qualifications to just 63% for men and only 56% for women.

**Aboriginal Canadians.** Some 25% of first nation, Metis and Innu Canadians live in poverty. Over half of adults, 61% of on reserve and Innu and 40% of others lack a high school education. The federal government needs to equalize funding to match that of comparable provincial education systems. The now eliminated Canadian Council on Learning had made great strides in identifying the principals of a positive reinforcing educational approach that draws on aboriginal cultural strengths and at the same time creates much higher levels of cooperation between individual schools. The enormous potential represented by half the population
under the age of 25 should seize all Canadians with urgency to work out successful approaches with aboriginal leadership. The economic viability of reserve community has to receive acute focus. There are models that can be replicated that offer significant gains, but viability, let alone self sufficiency remains a question mark for many of the 660 first nation communities and that has to be a key part of dialogue with those communities.

**Youth.** With a 14% unemployment and the lowest participation rate in a decade, youth under age 25 are still paying the heaviest post recession price in terms of opportunity. Employment among youths aged 15 to 24 fell for the fifth consecutive month, down 27,000 in February, and their unemployment rate was 14.7%. Compared with February 2011, youth employment was down 69,000 (-2.8%). With fewer youths participating in the labour market, their participation rate in February was 63.3%, down from the most recent peak of 68.1% in September 2008. Youth stand to be the most disappointed and discontented from the current unfairness in the Canadian labour market. Some 50% of youth in a recent survey expected to be making between $40 and 80,000 in their first jobs and $100,000 by the time they are 30. In fact first jobs for youth pay much less than past generation. Average salaries for persons aged 25 to 29 are just $23,000 for high school graduates and $26,000 for those with post secondary. Poverty is simply a case of too many people are being held back for too long. We need their contributions, and public programs that don’t help produce a dynamic outcome should be replaced with those that do.

**Early Childhood Education As Universal Program**

Early learning is an essential program for Canada to combat inequality in opportunity. The only way to muster requisite public understanding and support is to seek a universal program, notwithstanding the potential cost and implementation time which that infers. It needs to be fully affordable and meet high standards of care and early childhood development.

Canadians have known for years that studies demonstrate the value of early learning to the child. Children who receive early years development are more likely to succeed in school, much more likely to have higher order social skills and to generate fewer social service and criminal justice costs in the future. Child care should be treated as a social responsibility because it is one, (in the same way we treat education and health care). A society as a whole has a strong vested interest
in ensuring that children have access to quality care, investing in our children's early years, is an investment in healthier, more prosperous adults as they move through their life.

Clyde Hertzman, an internationally renowned researcher in Early Child Development, has demonstrated time and time again how to reduce the number of ADHD diagnoses, reduce school drop out rates, slash the incidence of crime and drug addiction, by better understanding the dynamics of early child development. When we invest in every child early in their life, we can boost academic achievement and set them on the right path for the rest of their lives. Hertzman has followed cohorts of early years kids through life and has found instances of lower rates of chronic disease, higher rates of post secondary education attainment and lower rates of unemployment. This is a life changer. Canada needs to invest.

As we have seen the enormous shift in two parents working and increased hours at the work place is one made necessary by the labour weaknesses of the Canadian economy. It is unfair that young couples have to effectively pay an enormous tax of their earnings to achieve something that is so clearly in the public interest.

Despite our leading insight, Canada is a laggard in the amount of before school enrolment we have in most provinces. The most recent United Nations (UN) report card on child care—The Child Care Transition, issued in 2008—ranked Canada last (tied with Ireland) out of 24 economically advanced countries in the area of early childhood education and care.

Canada has expanded its social and education systems successfully, many times before. An earlier generation went from just 20% kindergarten enrolment in 1960 to essentially a universal program a dozen years later. Our education systems are currently regarded as superior to those in the UK and the US in its capacity to deliver good educational outcomes notwithstanding the economic background of the child. A fully functioning early childhood education system however would relief many of the costly pressures of dealing with the challenges and extra potential of children later on.

Provinces can rightfully insist jurisdictionally on the right to control implementation. While child care is technically a provincial or territorial responsibility, the federal
government must provide the necessary funding and direction to prevent Canada from being stuck with a hodgepodge of child-care systems that vary in standards depending on where you live. Role of the federal government is to lead this debate and arrive at the agreement. It is clear that the size of the program required creates a financial strain too much for provincial governments to do unilaterally. Those which have (Quebec) and those which are trying (Ontario) to implement universal affordable child care programs they hit limits in terms of trade offs with other social priorities.

With a lack of spaces, inconsistent quality control and a reduction of subsidies and costs rivalling mortgage payments, Canada’s child-care system is severely under-developed. This puts the economic future of our country in jeopardy and leaves our kids severely disadvantaged.

Article 18 of the UN Convention on the Rights of the Child states, in part, that Canada is responsible for taking “all appropriate measures to ensure that children of working parents have the right to benefit from child-care services and facilities for which they are eligible” and that Canada “shall render appropriate assistance to parents and legal guardians in the performance of their child-rearing responsibilities and shall ensure the development of institutions, facilities, and services for the care of children.”

Since Canada signed that UN agreement back in 1989, a generation of Canadian kids has grown up without a universal child-care program—and a generation of Canadian parents has had to make do with whatever child care they could find. For 80 percent of us, that has meant unlicensed child care. All this time we could have had a universal child-care system that not only paid for itself, enriched the lives of a generation of Canadian children and economic opportunities for many more.

It's worth pointing out that child-care subsidies based on need aren't the financial cure-alls that many people assume them to be. A subsidy may only contribute a few hundred dollars toward a space that costs $1,500 month; paying their portion of the child-care bill may require parents to wipe out what little savings they have. And, of course, many families who would really benefit from receiving a child-care subsidy never receive those badly needed dollars, simply because there aren't enough dollars to go around. As of August 2011, there were more than 20,000 children in Toronto alone waiting for a child-care.
Housing Security and Ending Homelessness

As country known for its seasonally harsh climate, Canada should have a well developed appreciation for housing for all it population, particularly those who are vulnerable.

Today a significant and growing number of Canadians have insecure housing that they are paying too much of their income for. The federal government has been out of housing, except for infrastructure programs but still pays significant dollars for multi-year agreements made years ago, but now administered by provinces or cities in many cases.

For people on social assistance or in low paying jobs, finding affordable housing is difficult in most parts of the country. Many people are paying over 30% of their income on housing and the proportion spending more than 50%. There are many precarious household situations where individuals and families are ‘one pay cheque away from being homeless.’ Rents have increased in Canada every year since 1992 while household incomes have been stagnant.

Spending a disproportionate amount of income on housing leaves people unable to purchase other necessities such as adequate food. Food banks often characterize their role as providing “edible rent supplements”. Welfare and disability incomes for people living with mental illness are inadequate in this respect. Bryant (2003) describes the result as increased social exclusion.

It is not surprising that waiting lists for affordable housing are on the rise. For example, the Ontario Non-Profit Housing Association (ONPHA) reported in May 2010 that there are an additional 12,382 households on waiting lists across the province for a total of 141,635 households, an increase of 9.6% in one year. Using ONPHA’s estimates, the Wellesley Institute (2010) suggests extrapolating this to a national level as a crude measure of need, equating to roughly 3.4 million households. (Wellesley 2010)

At the same time housing security is taking on a whole new meaning for a much broader range of Canadians. There is serious concern for a housing bubble and the
role that international investment, and property speculation may be playing in marketplaces across the country that are delivering unsustainable growth in prices. Over $90 billion was expended by Canada Mortgage and Housing Corporation (CMHC) during the recession but it was to benefit the liquidity of our banks rather than to strengthen home ownership. At the same time, the lingering concern compels any federal government to come up with comprehensive housing policy.

There are many possibilities for housing

- New forms of financing. In several cities, non-profit developers have managed to capture some of the appreciating market for the benefit of low income condo owners. Using one fifth the regular subsidy they are able to create mixed income condominium ownership with 20 to 25% of residents living in low income.
- Land banking if there are market corrections
- Billions in old CMHC financing is coming due, some of which can be put to use in innovative housing models.

**Ending Homelessness**

In virtually every Canadian city homelessness is a very visible phenomenon part of the landscape of any city in this country. At the same time there are many cities and even some provinces that have become convinced that this experience can be eliminated once and for all with a determined and imaginative government policy and approach. Many provinces and many cities have extremely promising models that fit the local market. Every one is well aware of the fact that the “warehousing” of the homeless in shelters is an expensive proposition. The bias for “housing first” approach in creating a dedicated supply for those who are homeless has gained a great deal of momentum.

Unfortunately it is a classic case where maintenance continues to take away from programs what would provide stability and forward progress. The federal homelessness program is an example where funding falls short of the progress most local ending homeless plans require.

The first step in getting serious about homelessness is understanding it.
Despite the fact that it has become all too common, data is hard to come by, one has to wonder if that is by design. It is inconceivable that in a country as well endowed as Canada, homelessness has become part of the landscape.

Homelessness is a visible marker of social breakdown and inequality, politically charged, misunderstood and divisive. The government uses an estimate of 150,000; while experts in the field estimate the number to be closer to 300,000. According to Canada Mortgage and Housing (CMHC), in 2005, 13.5% of Canadians living in cities were in —core housing need which refers to households which are unable to afford shelter that meets adequacy, suitability, and affordability norms. The norms have been adjusted over time to reflect the housing expectations of Canadians.

During a visit to Canada in October 2007, for example, the then-UN Special Rapporteur on adequate housing, Miloon Kothari, reported that he "was disappointed that the Government could not provide reliable statistics on the number of homeless." The UN Committee on Economic, Social and Cultural Rights has voiced similar concerns.

Homeless people have a greater incidence of a range of health problems and life expectancy is reduced by 20 years (Hwang, 2001). Poor housing conditions damage health. Marsh and colleagues were able to analyze a large sample of people and demonstrate that housing plays an independent role on affecting health (Marsh, Gordon, Pantazis, & Heslop, 1999).

Statistics Canada reported that there is a six-year difference in life expectancy between men who are homeless and those in the bottom quintile, which increases to a 13-year difference between homeless men and those in the top quintile of income distribution. (Stats Can 2000)

This approach also permits a broader consensus that those who want to argue on either side about the idea of social entitlements. There is no difference in what we offer our vulnerable citizens than only other Canadian. The assistance given is commensurate with their circumstances in achieving what is best for them and for society. The only “entitlement” that someone should have is to be able to the best reconciliation of their greatest personal satisfaction and contribution to society.
Reframing Development

Development implies change. It is a dynamic and continuous process that moves economies and ideally, moves people from lower stage to higher stages of progress and prosperity. It is a process of economic and social transformation within countries. The concept of development is essential to embrace the major economic and social objectives (most often regarded as unrelated) and values that societies strive for. The purpose of development is to reduce poverty, inequality, and unemployment. Major objectives of development discourse are to reduce poverty and to provide basic needs simultaneously.

Development efforts must look beyond economic markers of success and focus on efforts specifically shaped to achieve the type of economic growth that contributes to social cohesion and human development. Social and economic development must happen in tandem for sustained progress and shared prosperity. Policies and interventions that build cohesion and address inequality must be coordinated and work under a common framework. A comprehensive approach would ensure that the fiscal polices would create the conditions for success in local Canadian communities through ensuring that social, environmental and democratic goals are considered along with economic outcomes. Development within this new frame would lead to social cohesion and prosperity.

Choosing to Build Together

At a time of growing income inequality, a time of unprecedented rising costs at every level, a time where good quality jobs are disappearing, our government appears to be forging a new path, one that will see it disinvest in its obligations to those living on the margins. This will tear apart communities and ensure an erosion of the very things that have for decades defined Canada.

There is no magic to addressing inequality, but it does take leadership. The choice is simple, governments can create the conditions for success, or choose stratify the country. Despite the evidence, it appears that we are on the path of the later. Leadership is about making tough choices, the tougher the times, the tougher the choices, governments at all levels can set the tone and even in times of austerity, have the ability to create the conditions that build social cohesion, its all about priorities and perspective.
Building social cohesion is not simply the responsibility of government; business, private citizens and civil society all have a role to play, but we all know governments set the prevailing character of a country. Communities thrive when enabling conditions are present. People form community when people have good jobs, meaning in their lives, strong family support, good living standards, opportunities to participate.

People, citizens, are the real wealth of a nation, all people, equally, that was a central tenant within Canadian development. Today there seems to be a concerted effort a foot to divide Canadians, be it by region, ethnicity, aboriginal status, or income, but Canadians will only allow this for so long, building divisions is not the Canadian way. Canada is in desperate need of a new consensus, new ideas for new challenges and new approaches to old ones. No government has ever used GDP per person as its only goal. But in the last 30 years, income creation as measured by GDP is often focused on as the most important measure if not an excuse, with governments claiming we cannot afford the “luxury” of harmonious social relationships when they stand in its way.

Emerging evidence is affirms that GDP is a valuable goal but that other things also matter greatly. GDP should not be pursued to the point where: economic stability is imperiled, community cohesion is destroyed, the weak lose their dignity or place in the economy, ethical standards are sacrificed, or the environment, including the climate, is put at risk. Canada must choose, we must engage and be engaged, the stakes have never been higher.

Canada is renowned internationally as a moral compass, has a rich heritage of leading both in progressive ideas, translated into thoughtful policies that unite Canada, we are wired to consider the greater good. Divide and conquer policies will only serve to widen the gap between the haves and the have-nots, drive a wedge between generations, and tear apart communities at a time when we need to come together more than ever before. If given a choice, Canadians would do what they have done since confederation, we would choose to build together.
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