

Canada:

Report documents staggering growth in social inequality

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A report issued by the Centre for Social Justice, a think tank supported by church, union and community groups, documents a staggering growth in social inequality in Canada over the past quarter century and especially the past five years.

Titled 'The Growing Gap' and written by economist Armine Yalnizyan, the report presents a vast array of data, most of it gleaned from government studies, to substantiate its claim that increasing numbers of Canadians are being driven into poverty, even while the rich have seen their incomes and wealth soar.

Amongst the most telling statistics:

- * In 1996, the average market income (that is income derived from wages, dividends, rents, etc., as opposed to state benefits and tax credits) of the richest 10 percent of Canadian families having children under 18 was *314 times* greater than that of the poorest decile of families.

- * Newspaper proprietor Ken Thomson's net personal wealth of \$14.4 billion surpasses the collective wealth of the poorest third of all Canadian households.

- * In the three years, between 1995 and 1997, the average Canadian CEO had a 39 percent salary increase--while workers' wages grew on average by no more than 2 percent, or less than inflation.

- * In 1997, the compensation of the top 100 Canadian CEOs rose on average by 56 percent.

Ten of these CEOs earned more than \$10 million and Robert Gratton of Power Corporation received a total pay package, including bonuses and stock options, of \$27.4 million.

- * Although women's participation in the labour force has risen sharply, 60 percent of families with children are earning less in real terms than they did in 1981.

The Growing Gap is principally concerned with documenting the extent of the social polarization, but it also shows how the dismantling of unemployment insurance and other government programs has contributed to the widening

and deepening of poverty. The last third of the 100-page report advances solutions to what Yalnizyan contends is a social imbalance so severe it could soon engender social unrest.

The report observes that the corporate and political elite's glorification of the capitalist market has had the effect of lessening public awareness and concern about growing social inequality, and suggests that this has even impacted on the type of information Statistics Canada collects. Whereas formerly Statscan carried out surveys of wealth and indebtedness roughly every five years, the last was conducted in 1984.

Distribution of market income

The phenomenal increase in the difference between the market income of the top and bottom decile of Canadian families with children--in 1973 the top 10 percent earned 21 times more and in 1996 314 times more--is due mainly to two interrelated processes. Large numbers of poor people have been driven out of the work force by an unrelenting wave of corporate restructuring; the rich are appropriating an ever-greater share of the national income.

'In 1989,' says the report, 'the average market income of families in the bottom 10% of society was around \$4,000. By 1996, the average had fallen to less than \$500 a year.'

Whereas in 1973 3.7 percent of families had no wage earner, by 1996 the number was 8.4 percent.

Meanwhile, the income of the corporate elite has swelled to the point that the average CEO earns 48 times more than the average worker. Between 1989 and 1996 the number of millionaires in Canada tripled, and that number is expected to triple again by 2005.

The 'new generation gap'

The report also documents changes in the composition of the work force and wage differences between generations.

About one in five jobs is part-time, as compared with one in ten 20 years ago. In the 1990s the fastest growing segment of the labour market has been temporary, contract and seasonal employment, which have risen from 5 to 12 percent of all jobs.

The other major change in the composition of the labour force has been the rapid growth in self-employment brought about by downsizing and the outsourcing of work. 'Of the million plus jobs added to the labour market this decade,' writes Yalnizyan, 'over half have come from self-employment--accounting for 76 percent of the job growth in 1996 and 83 percent in 1997. This type of employment varies widely in the reward it brings and diverges significantly from the waged and salaried population. 16 percent of the self-employed made less than \$5,000 in 1996 compared to 3 percent of paid employees and 2.3 percent made over \$100,000 compared to 1 percent of the waged.'

Canadians still work an average 37-hour week as they did a generation ago, but 'the difference is that a generation ago *the majority* of people worked those hours.... In 1976 almost two-thirds of Canadians (65 percent) worked between 35 and 40 hours a week. By 1997,' as a result of the spread of part-time employment and increasing amounts of overtime--much of it unpaid--'only about half did (54 percent).'

Young people--especially young males--have been the hardest hit by these changes. 'While all age groups saw some loss in earnings between 1990 and 1995, the youngest group--aged 15 to 24--experienced a 20 percent drop. In both 1970 and 1980 young people, on average, earned about half the overall national average. By 1995 they made less than a third of the national average (31 percent).'

Warning of an 'emerging generational faultline,' the report observes that 'men under the age of 35 have seen a remarkable, perhaps unprecedented erosion in what their work is worth compared to older age groups and compared to what under 35-ers were worth in 1980.'

Disappearance of middle-income earners and assault on social programs

Central to the report's findings about social polarization and warnings of potential social unrest is the hollowing out of those whose incomes fall in the median between rich and poor. Based on a comparison of market incomes in 1973 and 1996, the report shows that 17 percent of the population had earnings in 1996 that in real terms would have put them in the poorest decile in 1973. Similarly, 18 percent of Canadians had earnings in 1996 that would have placed them in the top 10 percent in 1973. 'By 1996 the earnings

bracket that used to account for 60 percent of the population held only 44 percent of Canadian families with dependent children.'

The Growing Gap underscores both the significance of income transfers--social benefits and tax credits--to large segments of the population and the potential for widespread pauperization as governments at all levels restrict eligibility and slash social benefits.

In 1996 income transfers raised the average income of the poorest fifth of families by some \$11,000, from just under \$6,000 a year to almost \$17,000. But since then the federal Liberal government has drastically reduced eligibility for unemployment insurance. 'In 1990 almost all unemployed Canadians received UI benefits (87 percent of the jobless). This proportion had dropped to 42% by 1997 and is still falling in 1998.'

Yalnizyan goes to some length to portray Canada as a historically more equitable society than the US and other advanced capitalist countries. In truth, while in the 1980s the Canadian bourgeoisie was more wary than its US counterparts in imposing wage cuts and gutting social programs, that lag has been more than made up for in the big business offensive of the 1990s. Contrary to the myths of the Canadian nationalists, Canada has historically been characterized by great social inequality and the polarization of corporate ownership in the hands of a very few.

A believer in the possibility of regulating the capitalist market and reviving the welfare state, Yalinizyan is at a loss to explain the cause of the current social polarization. Her report is very much to raise an alarm to the ruling class that the deepening polarization will propel working people toward radical political alternatives. *The Growing Gap* also presents a brief for the trade unions and social-democratic New Democratic Party urging big business to restore their role in 'balancing' market forces.

Much of the deepening of poverty and unprecedented social polarization detailed in this report have taken place during a period of so-called economic recovery. If those in positions of power and privilege to whom this report appeals would not and could not relent in their assault on the social position of the working during such a period, what can be expected of them when the economy enters a new downturn?

See Also:

Homelessness and hunger in Ontario
[23 October 1998]



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