Half of Canada's population less than $200 away from insolvency as billionaires' wealth surges

Alexandra Greene
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A staggering 53 percent of Canadians are less than $200 away from insolvency or are already unable to meet their financial obligations each month, according to a recent survey.

The latest MNP Consumer Debt Index shows that the number of Canadians under extreme financial stress has reached a five-year high. Since December 2020, that is within a mere four months, those either insolvent or on the brink of insolvency jumped 10 percentage points.

MNP Ltd., which collected the data, is the country's largest insolvency firm with some 200 offices across the country. Its figures indicate that 30 percent, or almost one in three Canadians, are already insolvent.

The survey's findings show that the average Canadian is left with just $625 after making their monthly bill payments. This has dropped by $108—a 15 percent decrease—just in the last four months. The steep decline is likely the result of the federal Liberal government and the provinces cutting back or outright eliminating the makeshift income-support programs they introduced at the beginning of pandemic.

The working class is affected nationally, but the percentage of individuals facing insolvency varies from province to province. In Saskatchewan and Manitoba, for example, 59 percent of residents are within $200 of insolvency. In Ontario, Quebec, British Columbia and Alberta, the figure ranges from 52 to 54 percent. In the four Atlantic provinces—Newfoundland, Prince Edward Island, New Brunswick and Nova Scotia—58 percent of people either cannot or are on the brink of being unable to pay their bills.

In recent decades, real wage gains for working people, especially lower paid, unskilled workers, have been minimal to nonexistent. Meanwhile, the real, inflation-adjusted incomes of the top 10 and especially the top 1 percent have risen sharply. In 2019, the richest 1 percent of Canadians earned 14.8 percent of all income, a more than 160 percent increase from its 9.1 percent share in 1986. Meanwhile, the income share of the *poorest half* of all Canadians fell from 18.2 percent in 1986 to just 15.6 percent in 2019.

One measure of the big business-state assault on the working class is the real-terms erosion of federal and provincial minimum wages. Saskatchewan currently has the country's lowest, $11.45 per hour. A worker who worked 40 hours per week at New Brunswick's $11.75 per hour minimum wage would earn just $470 per week. Yet according to the world's largest cost-of-living database, the estimated cost of living for a family of four in Fredericton, New Brunswick, is $4,212 per month before rent is taken into account.

Food price increases are expected to further squeeze workers' incomes in the months ahead. The 2021 Food Price Report from Dalhousie University is predicting that food prices across the country will rise by between 3 to 5 percent this year, the highest increase in the report's 11-year history. According to the report, the average Canadian family can expect to pay an extra $695 for groceries this year.

These are deeply concerning predictions for households across the country that have suffered job losses, wage cuts, small business losses, and the illness and death of family members due to the COVID-19 pandemic and the ruling elite's callous "profits before lives" policy.

While governments at all levels and of all political stripes have ensured that the economy remains open so big business can continue making profits hand over fist, they have refused to provide adequate financial support to help working people through the crisis. Meanwhile, the corporate elite and financial oligarchy, after receiving hundreds of billions of dollars in government bailouts, have intensified their decades-long drive to increase profit-margin through job cuts, speedup and cuts to pensions and other benefits,

"The number of Canadians with virtually no wiggle room in their household budgets has reached a five-year high," said Grant Bazian, president of MNP Ltd., upon last month's release of the MNP Consumer Debt Index. "The anxiety Canadians are feeling about making ends meet—or already being unable to do so—tells us we may see an avalanche of households falling behind on payments or defaulting on loans, mortgages, car payments, or credit cards."

According to MNP, a quarter of Canadians have taken on new debt during the pandemic. Whilst mortgage interests are at historic lows, there are increasing indications of a coming spike in global inflation that could lead to a sharp rise in interest rates, and credit card companies that prey especially on the poor continue to routinely charge rates of 20 percent and more.

A March poll conducted for Global News found that young and unemployed Canadians have been hardest hit financially during the pandemic. The survey found 42 percent of Canadians between the ages of 18 and 34 said their financial situation had worsened over the past year.

Young people form a large part of the workforce in many of the sectors that have instituted mass layoffs during the pandemic, notably the retail, food service and hospitality sectors, as well as those in which the precarious "gig economy" model is increasingly prevalent.

As the working class grapples with widespread impoverishment, death and illness as a direct result of the policies of the ruling class, the Canadian financial oligarchy has seen its wealth soar.

Data from Forbes' April 7 "Real Time Billionaires" and 2020 annual billionaires' reports indicate that Canada's 47 billionaires saw their wealth increase by $78 billion last year, giving them a combined wealth of $270 billion.

Canada's richest billionaire family, the Thomsons, the principal proprietors of the Thomson Reuters Corporation and *Globe and Mail*, saw its wealth increase by $14.4 billion. Others who recorded massive increases in wealth amidst the pandemic were Tobi Lutke, founder of the e-commerce company Shopify, whose wealth rose by $8.8 billion; and British Columbia's Jim Pattison. The latter has seen his wealth increase by $7.2 billion over the course of the pandemic, pushing his net worth to $12.6 billion. Pattison is the chairman, CEO and sole owner of the Jim Pattison Group, a conglomerate that owns and operates numerous packaging, food, forestry and media companies.

Pattison owns several grocery store chains that operate throughout Western Canada. While he increased his personal wealth by over $500 million within the first three months of the pandemic, he infamously cut the $2 hazard pay of frontline workers at his grocery stores in May 2020. When asked about the ruthless clawing back of wages, Pattison shifted blame elsewhere, brazenly telling the press, "I'm not involved. We own and finance the company, but we don't run them."

The ruling class will only continue to sacrifice the lives and livelihoods of workers in the name of profit as the pandemic rages on. A stop can be put to this only by the mobilization of the working class as an independent political force. Workers across every industry in Canada must form rank-and-file committees independent of the pro-capitalist trade unions and fight for the closure of all nonessential businesses and the suspension of all in-class schooling until the spread of the COVID-19 is halted. The vast wealth hoarded by the financial oligarchy must be expropriated along socialist lines in order to fund the measures needed to protect workers' lives and livelihoods.