

Income inequality

A very real concern

All around the world, a lot of people are concerned about income inequality.

Here in Canada, income inequality has been on the rise since the 1980s. From 1980 to 2005, the poorest fifth of Canadians saw their incomes fall by 20 per cent on average, while the richest fifth saw their incomes rise by 16 per cent on average. And in that group, it was the top one per cent who got richest quickest. From 1987 to 2007, the top one per cent of Canadian earners got **32 per cent** of all the income gains in the country!

We have now reached the point where Canada's top 100 CEOs earn, on average, **171 times** what the average full-time, full-year worker makes.

The rich are getting richer, and the poor are getting poorer.

Income inequality isn't just about how much money people have. It's about the disparity between the "haves" and the "have-nots." In their ground-breaking book, *The Spirit Level*, researchers Richard Wilkinson and Kate Pickett found a connection between income inequality and:

- › reduced trust in public institutions;
- › lower social status for women;
- › higher rates of mental illness, obesity, homicide, teen pregnancy, and infant mortality;
- › poorer educational outcomes;
- › shorter life expectancy;
- › reduced social mobility; and
- › slower economic growth.

It is possible to reduce income inequality. It can be done through wages. It can be done through taxes and public services. Either way, government has a big role to play.

By improving employment standards and labour laws, government can ensure that working people get a fair share of the money they earn for their employers.

Through tax fairness, government can use society's wealth to ensure that quality public services and opportunities to succeed are available to all.

Every government budget affects income inequality, for better or worse. But too often, the effect is either hidden or not measured. That is why OPSEU supports the idea of a "Fairness Test."

The Fairness Test is a process to measure the overall impact on income inequality of every Ontario budget. OPSEU proposes that the Fairness Test be overseen by the province's Financial Accountability Officer, and that the results of the Test be published each year and announced by the Minister of Finance in the annual Budget speech.

There are many benefits to reducing income inequality. When we measure it, we make it important. And when we make it important, we start to make progress.

Question for Politicians

- Q In recent years the issue of income inequality has received a lot of attention. Income inequality has been linked to reduced trust in public institutions, higher rates of teen pregnancy and infant mortality, and slower economic growth. If elected, will your party take measures to reduce income inequality in Ontario? If so, what measures would you take?
- Q Many people these days are concerned about rising income inequality. We are now at the point where Canada's top 100 CEOs earn, on average, 171 times more than the average full-time worker. Government budgets can make income inequality better or they can make it worse, but the effects of budget decisions are often hidden or not measured. One solution is called the Fairness Test, which would require the government to create a process to measure the impact on income inequality of every Ontario budget and publish the results of the Test each year. Would you support a Fairness Test for Ontario budgets?

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