

Toronto now Canada's inequality capital, United Way study shows

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Toronto is now the income inequality capital of Canada, a new United Way Toronto report shows, with the gap between rich and poor households in the city widening at double the national pace.

The study, to be released Friday, says income inequality in Toronto ballooned by 31 per cent between 1980 and 2005, the most drastic increase of any major Canadian city. On average, the gap across the country grew by 14 per cent. Drawing on a growing body of research on income disparity, the report warns Toronto's growing divide could dampen social mobility, weaken community bonds and undermine economic stability.

But the study also found Torontonians still maintain high levels of trust in each other and suggested policymakers must tackle inequality now before the city's social fabric unravels.

"It's a worrisome trend for sure, but we have not gone the path of some of our large city neighbours to the south," said United Way Toronto president and CEO Susan McIsaac. "This is a wake up call. We should act, and we can."

While Toronto used to be the second most equitable of Canada's largest cities, the report illustrates how Toronto's income inequality dramatically accelerated in the 1990s, eventually outstripping Montreal, Vancouver and Calgary. In those cities, household inequality grew by 15, 17, and 28 per cent respectively over the same 25 year period.

Rising inequality may be partly explained by difficult-to-control factors such as globalization and technological change that led to a shift from high-quality manufacturing jobs to precarious service jobs, the report says.

Previous research by United Way Toronto and McMaster University revealed that almost half of all workers in the GTA are in precarious employment.

But public policy decisions have also heightened the city's disparities, according to the study, including tax reforms and cuts to social benefits. Michelynn Laflèche, United Way Toronto's director of research, said growing inequality was not inevitable for the city.

"We can make choices to slow that down, to mitigate the impacts, or to turn it back a little bit even. And those are choices that we as a society need to have a conversation about and to come to some common ground about."

Echoing University of Toronto professor David Hulchanski's groundbreaking research documenting the city's shrinking middle-income areas, the United Way report also warned of Toronto's increasingly acute geographical divide. It said income inequality between neighbourhoods has shot up by 96 per cent since 1980 and argues that the impact of such polarization will be widely felt.

"There are all kinds of issues that we know are accelerated in communities where there is significant income inequality," said McIsaac.

Extensive research by British academics Richard G. Wilkinson and Kate Pickett has shown high income inequality even in rich countries is associated with a range of social problems, including higher levels of violence, imprisonment, addiction, and obesity. A report by the Organization for Economic Development and Co-operation suggests income inequality has an "invariably negative" impact on GDP growth.

The United Way study used the Gini coefficient, a common measure of inequality and drew on Statistics Canada data to compare income before tax, but after government transfers. It chose not to compare after-tax income because there is no census data on taxes paid before 2006, making comparison over time impossible.

It also partnered with private polling firm EKOS Research Associates to ask how Torontonians see income inequality in their city. In a survey of more than 2,500 residents, the study found 86 per cent believed income inequality was too high in the city. Almost three-quarters said they believed hard work was not enough to get ahead and one third said they felt worse off than previous generations.

"Regardless of income, age, gender, visible minority status and education levels, people think this is happening. People think that merit is not the basis on which advancement is occurring," said Laflèche. "I think it's a problem that people are feeling this way because it's an indication that people are not feeling like things are not going well for them."

The poll also found widespread concerns for the prospects of young Torontonians: only 17 per cent of those surveyed said future generations would be better off 25 years from now.

"It is difficult to remain optimistic about the future when university degrees and post graduate internships do not lead to careers, but rather precarious employment," said Mark Campbell, who is the executive director of Nia Centre for the Arts and will speak at a symposium about the report on Friday.

But amid the anxiety, the study also found Torontonians remain broadly positive about their city and the possibility for change. For example, 46 per cent of those polled said government played a favourable role in their lives.

“I do think it’s heartening to note that there’s still enough institutional and interpersonal trust that people feel this is a problem that can and should be dealt with,” said EKOS founder Frank Graves

The poll shows 95 per cent of respondents also believed they personally could effect change in Toronto, and 57 per cent said they felt most people in the city could be trusted – slightly higher than the national average of 55 per cent.

Although low-income Torontonians were somewhat less likely to be trusting than high-income counterparts, Laflèche said the findings were “good news” for the city.

“Other research from cities around the world demonstrates that in large cities like Toronto, and in diverse cities like Toronto, it would be normal or usual for trust levels to be lower than your national average,” Laflèche said.

“People feel . . . the same challenges. But they’re also feeling that there’s something positive in Toronto that can be built on. And that shows us that we’ve still got a good level of social cohesion.”

The report argues policy makers should capitalize on that goodwill and recommends a range of measures to reverse Toronto’s expanding income gap.

These include giving young people equal access to good education, starting with early learning through high quality, affordable child care.

It also suggests promoting better jobs through things like community benefits agreements such as the Metrolinx plan. That initiative connects low-income people with good jobs emerging from the construction of the Eglinton Crosstown.

The province’s review of employment and labour standards, announced last week is also lauded by the report as a “major opportunity” to improve workplace protections for the city’s growing body of precarious workers.

“At the core we’re looking at employment, we’re looking at youth opportunity and we’re looking at creating strong neighbourhoods,” said McIsaac. “And I believe that there’s lots that both the private and public sectors, as well as the community sector, can do.