

Income Disparity and the Impact on Quality of Life

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The following is a transcript of an Alberta College of Social Workers podcast recorded January 31, 2008. [Click here](#) to hear the audio version.

INTERVIEWER: How is the quality of life impacted by income disparity?

JAKE: I think in many different ways. Let me take a step back and say that I've practiced social work for more than 41 years. What I see happening is something I find very disturbing.

I can best illustrate it by referring to a study by the Toronto Dominion Bank Financial Group, who has done a series of studies on the Calgary/Edmonton corridor which is the majority of the Alberta population. What they have found is in that corridor there is significant change taking place in terms of the wealthy getting wealthier and the poor getting poorer. The number of people who are getting poorer is increasing dramatically.

The real issue is we have a shrinking middle class in Alberta and that doesn't come overnight. Certainly it's exacerbated by the policies of the provincial government and by policies of municipal governments. But it's a long-term trend and that doesn't speak well for Alberta. It doesn't speak well for Canada.

So how does that impact Albertans directly? A good example I could give you is that an Albertan with two children, who was experiencing some mental health challenges and was under some kind of supervision with respect to her children, explained to me that she had to go fishing in the Bow River in order to provide food for her children.

What that did for me was help me look at some of the broader systemic issues. We have food banks. We have clothing banks. We have homeless. Those kinds of indicators are like the canary and the mine. They are signals that public policy should be attending to serious foreshadowing. I don't think those issues have been adequately addressed at this point in time.

I don't see any hope in the immediate future regarding issues of income disparity and the large-scale changes that it brings about in terms of a shrinking middle class, increased burden on the poor and with the wealthy, unprecedented resources and opportunities that are denied the rest of the folks in Alberta.

INTERVIEWER: Do you see this separation between the middle class and the lower income group from the wealthy continuing to accelerate?

JAKE: I think that's a distinct possibility. I would go further. I would say those kinds of trends don't get established easily but once they are established it takes a direct intervention by

governments to reverse them. Government, whether it's municipal, provincial or federal or all three of them, needs to deliberately attend to those particular issues.

In Calgary, there are thousands of people apart from the homeless who don't have the means to buy homes. You know there are over 100,000 people who use food banks. When you think about those things in a city the size of Calgary - and we're a big city but we're not that big - when you have 10% of the people not being able to afford homes; not able to afford clothing; not able to afford basic necessities of life. We are not talking about being able to participate in the life of the community whether that's arts, culture, recreation; the things people do in their spare time.

INTERVIEWER: Do you see a correlation between Alberta's recent economic boom and this spiralling down of quality of life?

JAKE: Absolutely, I think Alberta has had a boom/bust economy since the beginning of time. There's nothing new but from a public policy perspective we haven't really learned how to deal with that particularly well. When there's a boom, we spend like drunken sailors. When the opposite is the case, we cut and run away from public policy. That's been the history of the last 15 years in particular. So I think, yes, it is exacerbated by the boom.

I want to point to one other thing that struck me not that long ago. The K Division of the RCMP did an environmental scan in 2006. It's a very interesting document because what they covered was a whole gamut of issues that affect crime rates.

One of the things they pointed out was the impact of poverty on crime rates. They talked about how poverty leads to crime and, very simply put, people who are poor are shamed. They feel embarrassed about not being able to participate.

It's particularly young men who get into the gang formation because of their stage of development. They tend to be somewhat impulsive but because they want to identify with a group, they get together with others who are like them. To establish their credibility as young people they engage in criminal activity but it's essentially the social exclusion. These young people want to participate in the life of their community but are simply unable to do so.

They don't have the means so they get into activities which reinforce their self-image amongst their peers. Those kinds of activities all too often are regrettably of a criminal kind, the ones that we don't approve of. The underlying cause, according to the RCMP, is this notion of poverty, income disparity and social exclusion - all of which go together.

INTERVIEWER: So what can be done to stop income disparity from growing any more than it already has and how do we start to close that gap?

JAKE: You know I think one of the first steps that Alberta needs to take is to address the issue of income. When you have a small number of very, very wealthy people, some of whom make millions and millions of dollars, and the immigrant lady who cleans his private bathroom is making \$7 or \$8 an hour, we need to look at tax measures that say, "Look, it's great that you

make that kind of money but you have to pay a different tax rate than the lady who cleans your washroom".

At the moment, she pays 10% of her income; he pays 10% of his income. He has got millions; she's got barely a few thousand. We have to go back to a progressive income tax system. That's how governments obtain money to do the things they need to do. When Alberta introduced the flat tax, according to some economists who have looked at this issue, it cost the government \$2 billion worth of revenue.

The tax system has been there since the beginning of time. It's the basic method for paying for services and redistributing income from those who have much to those who have less. In Alberta, we've gotten away from that very basic principle so I think that's the first place to begin.

Secondly, we need to look at this idea of a living wage that's based on equity principles not just on what it costs to live. People should actually get paid for the value of the work not just based on the market because all of these things you see - homelessness, crime, the income disparity - is really the result of market failure.

Adam Smith, the father of modern economics had this idea of the rule of decency. The rule of decency according to Adam Smith was that if in a particular town leather shoes were the standard that resulted in you feeling shamed by not having them then everyone should have leather shoes. He called it the rule of decency.

I think that was a profound insight into the moral character of our economy and I would support this idea of a rule of decency. You can do that through the tax system, through better salaries, through better income security rates. Whether that's welfare or other mechanisms that we use to ensure that people have food, clothing, shelter, access to good recreation, culture, and those sorts of things.

INTERVIEWER: Are there core social policy changes that need to happen?

JAKE: I hate to say this but Alberta doesn't have a social policy. A change would be to create one; to consult with Albertans broadly about this notion of the rule of decency. Albertans are by and large decent people. I'm always struck by the overwhelming generosity of people at Christmas time and at other points in time but we haven't institutionalized that. It's nice that people donate at Christmas but it's cold in January.

We have to institutionalize that generosity and sense of decency through social policy. Alberta hasn't had a social policy since the Don Getty's time. I believe it was a Minister by the name of Neil Crawford who developed a document called *Caring and Responsibility*. I might have wanted to change some things in it but the idea of caring and responsibility is really an expression of decency.

INTERVIEWER: So is this something that you'd like to see re-introduced or re-examined?

JAKE: Absolutely! I think it's of paramount importance that governments have good social, economic, environmental policies. You need to do those things together. You can't say "here's our social policy" and "here's our economic policy" and "here's our environmental policy". You have to have an integrated public policy that attends to the social, economic and environmental issues that Alberta faces.

INTERVIEWER: I've heard the expression living wage as being a bit of an equalizer in setting a standard for how people in Alberta should be treated. Can you talk a little bit about that?

JAKE: The idea of a living wage actually started in the current era in the city of Baltimore. I think it was 1994 when they created an ordinance that basically said, "Look. Anybody that does business with us as a city of Baltimore needs to pay a living wage." They set it at \$12 or \$13. I don't remember the exact number.

The basic point is that you should be able to provide for the basic necessities of life in terms of food, clothing, and shelter. It's about the rule of decency that Adam Smith talked about. Ironically, the idea of a living wage in Alberta was first introduced in 1920 here in Calgary when the Director of Child Welfare Services, then a private agency, spoke at a group led by none other than Maude Riley. She is a hero in the history of Calgary in terms of children.

She talked about the importance of a living wage as the only way in which to reduce the impact of poverty on the incidents of child welfare cases. So the idea of a living wage is not new. It has a history in Alberta. It has a history internationally and is now adopted by about 150 cities across North America. I believe even a U.S. state has actually begun to take a look at adopting it as state policy.

INTERVIEWER: Do you see any reason why Alberta wouldn't adopt something like this?

JAKE: I can't think of a good reason why Alberta can't adopt it. We certainly have the wealth in which to do it. I think there is a mindset in government circles at the moment that says, "You know, the market reigns and you pay what the market is." The minimum wage is now \$7 or \$8. You can't live in Calgary on \$8.

I did a little check a while ago just out of idle curiosity. If I had a German Shepherd dog and I needed to put him or her in a kennel for a month, it would cost me somewhere around \$700 or \$800. If you are a single person in this province, you get \$402 a month for food, clothing and shelter and transportation. There is a sense of values that are, in my mind, not particularly well-aligned. There is no decency.